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# NAVAL POSTGRADUATE SCHOOL

MONTEREY, CALIFORNIA

## THESIS

**CHINA'S RISE:  
REGIONAL STABILIZER OR U.S. ADVERSARY?**

by

Rufus Alandus Lensey

September 2007

Thesis Advisor:  
Second Reader:

Alice L. Miller  
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**CHINA'S RISE: REGIONAL STABILIZER OR U.S. ADVERSARY?**

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Lieutenant, United States Navy  
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Submitted in partial fulfillment of the  
requirements for the degree of

**MASTER OF ARTS IN NATIONAL SECURITY AFFAIRS**

from the

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## **ABSTRACT**

China's reform and modernization have led to extraordinary economic growth. Statistical data reveal that the economy's dynamism foreshadows a prominent military. This unfolding development has led to both negative and positive views of China in the international community. Will China's rise threaten U.S. interests and lead to China becoming an adversary? Or, will it serve as a regional stabilizer and help to solve problems in Asia? Competing theoretical frameworks offer a means to analyze the validity of the two perspectives on the significance of China's rise. Historical case studies involving Germany, Japan, Russia, Great Britain, and the United States provide opportunities for comparative analyses of the rise of China.

The future outlook need not be negative. China's leadership is in transition. Democracy and greater economic interdependence are possible outcomes. In light of China's military potential, it will be increasingly important to see not only how China relates to the outside world, but also how China evolves politically. Assessing the implications of China's military modernization is necessary for understanding its critically important trend in world affairs. China's desire to be a major regional power and a more powerful presence on the global stage, in military as well as political and economic terms, means that U.S. decision makers will need to design policies founded on a comprehensive analysis of the implications of the rise of China.



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# **I. INTRODUCTION**

## **A. BACKGROUND**

The People's Republic of China (PRC) is a developing economic powerhouse. China has experienced tremendous economic growth since the late 1970s, capturing the attention of neighboring countries in Asia as well as the United States. In large part, as a result of liberalized economic policies, the PRC's GDP quadrupled between 1978 and 1998 and foreign investment soared during the 1990s. A challenge for China in the early 21st century will be to balance its highly centralized political system with an increasingly decentralized economic one.

China's rapidly rising economy has also enabled a program of concerted military modernization raising the possibility that China will become a military power with which the United States may have to contend. At present, China is an emerging military power because it has the military potential to confront its neighbors successfully, but it is far from capable of taking on the United States.<sup>1</sup> Continued growth in China's military capacities may be expected both because its economy continues to grow, and also because its military modernization reform, ongoing since 1985, continues.

## **B. PURPOSE**

The purpose of this thesis is to provide U.S. policy makers, Asia scholars, and those debating whether China is a threat with an analysis of these developments. The thesis attempts to gain insight into the prospects for and implications of China translating its economic advance into increased military power. The rapid rise of China as a regional political and economic power with global aspirations is one of the principal elements in the emergence of East Asia, a region that has changed greatly over the past quarter of a century. China's emergence has significant implications for this region and the world. In addition, the thesis looks at current debates on whether China will become a regional stabilizer or a U.S. adversary.

The thesis develops a hypothesis that correlates economic growth, military expenditures, and the decision-making processes that drive the rise of great powers.

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<sup>1</sup> Merri B. Uckert, "China as an Economic and Military Superpower: A Dangerous Combination." *Thesis*. Air War College. Maxwell Air Force Base, Alabama. (April 1995): 14, 19.



Historical case studies help to illuminate the circumstances under which the economic growth of rising powers in the past have sometimes led to an increase in military spending and power. This case study approach provides a foundation from which to analyze the areas where China may fall as it rises in today's international system.

## **C. LITERATURE REVIEW**

### **1. Survey of Prior Work on the Question**

There is a growing body of literature analyzing the economic and military rise of China and the resulting implications that face policymakers in the United States. This thesis builds on prior work. Merri B. Uckert's *China as an Economic and Military Superpower: A Dangerous Combination?* (1995) briefly assesses China's economy and provides data on China's transition to a market economy under the leadership of Deng Xiaoping.<sup>2</sup> Her analysis of the Peoples Liberation Army (PLA) brings out the inadequacies of China's military and focuses on the future outlook of its modernization efforts. She contends that the success of the Chinese economy, and Beijing's working with Russia in several areas, have led to an upgrading of its weapons systems and offered the fastest way for China to catch up, militarily, with its rivals.<sup>3</sup> She concludes that both the Pacific Rim nations and the United States must be watchful of China due to its economic strength and its acquisition of advanced weapons.<sup>4</sup> Uckert then states that the combination of the two is sure to bring future conflict, at least to the region, if not beyond.<sup>5</sup>

In an article appearing in *The National Interest*, Chung Min Lee focuses on China's rising economy and military modernization and what this means for the Asian region. Though U.S. policymakers can project what China may become in the future, Lee looks at the perspective of Asian states in trying to arrive at a future outlook. The statistical data Lee brings forth characterize China's economy and distinguish how it

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<sup>2</sup> Uckert, 3-8.

<sup>3</sup> Ibid, 14-17.

<sup>4</sup> Ibid, 22.

<sup>5</sup> Ibid.

ranks with other great powers in today's international system.<sup>6</sup> He claims that "while China's real GDP in 2004 was well below the GDPs of the United States and Japan, if one uses purchasing power parity figures, China became the world's second-largest economy with a \$6.4 trillion GDP in 2003." In terms of an increased military force, Lee posits that Asian states should not overlook how "Beijing continues to downplay its increasingly sophisticated force structure" and insists that China's "defense budget of \$30 billion pales in comparison to the Pentagon's \$420 billion budget."

Lee concludes, on the basis of comparison with leading Asian countries, that the rise of China will continue to have a huge significance on the region and will draw these states to China despite the security risks involved. Lee maintains that although it is difficult to characterize the "Asian" perspective of China, its influence may help in stabilizing the region.

Robert S. Ross's "Assessing the China Threat" concentrates on the period following the 9/11 disaster during which time there was a new focus on the "military and economic rise of China."<sup>7</sup> Like Chung Min Lee, Ross maintains that the economic trends in East Asia show that Asian states in the region "depend more on China than on the United States for economic growth, employment and political stability." With respect to military capabilities, Ross claims that China has improved in "ground force and land based capabilities" and that countries in East Asia have begun to align with China. Ross contends that countries like South Korea and Taiwan know that with its overextended military commitments, the United States will not be able to offset these improvements. Ross maintains that China's "ongoing improvements seem to pose a serious problem to U.S. strategy in the region."

Ross concludes that when assessing the China threat toward U.S. interest in the event of war, China's improved capabilities will bear greater losses for U.S. forces in the present, but the outcome between the two "would be devastating for Chinese interests."<sup>8</sup>

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<sup>6</sup> Chung Min Lee, "China's Rise, Asia Dilemma." *The National Interest* 81, (Fall 2005): 88.

<sup>7</sup> Robert S. Ross, "Assessing the China Threat." *The National Interest* 81, (Fall 2005): 81.

<sup>8</sup> Ibid, 85.

Ross's assessment reveals that, at least in the short to medium term (5 to 25 years), China will not seek to challenge the U.S. militarily, but will continue to concentrate efforts on sustaining its growing economy.

In his "The New Strategic Triangle: U.S. and European Reactions to China's Rise" David Shambaugh shows that there are converging as well as diverging views on a rising China. According to Shambaugh, both the U.S. and Europe share the notion that China's rise is a "trend that defines a new global order."<sup>9</sup> The many issues Shambaugh raises characterize China as becoming a "responsible player in world affairs." Some of these issues include counterterrorism, international peacekeeping, nation building, and nonproliferation.

According to Shambaugh, the United States and the EU "both want China to be a status quo rather than a revisionist power." He maintains that since 1968, the United States has sought to bring China into the "international institutional order." Shambaugh states that the EU displays "core elements" of its world view in thinking about China.

These core elements are based on the belief that predominant powers should be counterbalanced and that a multipolar world is more stable than a hegemonic or anarchical order; that nations should adhere to international law and codified norms of behavior; that international institutions should be strengthened and empowered to achieve effective global governance; that sovereignty has its limits and, under certain conditions (such as in the EU), can be shared; and that soft power should be more influential than hard power.

The views Shambaugh presents diverge in their respective understanding of a rising China. For the United States, the concern is China's hard power, and especially the impact of the growth of its military on U.S. national security. The EU is more concerned with China's domestic transitions.

To conclude, Shambaugh's assessment reflects how China is more of a stabilizer in world affairs today as opposed to an adversary. In his judgment, China is willing to work with major powers in an attempt to address issues and problems.

The perspectives discussed above offer the means to analyze China relevant to this thesis. Each assessment focuses on China's economic and military rise in the context of the international community's response toward a rapidly growing China. They give

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<sup>9</sup> David Shambaugh, "The New Strategic Triangle: U.S. and European Reactions to China's Rise." *The Washington Quarterly* 28, no. 3 (Summer 2005): 7.

different views but conclude that any action involving the use of force by China would be detrimental to its overarching goal of continued economic growth and political stability.

## **2. Major Debates and Approaches to the Issue**

Larry M. Wortzel and Lawrence J. Korb provide contrasting views in their article “Is China’s Rapid Military Buildup Threatening U.S. Interests in East Asia?”<sup>10</sup> Wortzel contends that China is a threat because

China’s policies on weapons proliferation – supplying of missiles, weapons of mass destruction (WMDs) and the technology to make them such deadly instruments of war to dangerous rogue states that support terrorism – threaten U.S. national security and our virtual foreign-policy interests. China’s 20-plus nuclear tipped international ballistic missiles threaten the continental United States.

Wortzel acknowledges that the United States nevertheless has the means to deter China in the event that military force is initiated. Wortzel maintains that what is most worrying is the international behavior of China. He posits that “China’s aggressive behavior in pursuit of what Beijing defines as its regional interests poses a threat to U.S. military forces.” An example of this type of behavior was the EP-3E incident that occurred in April 2001.

Lawrence J. Korb, on the other hand, looks at other reasons why the military buildup does not threaten U.S. interests. He contends that “China’s participation in the global economy, its stake in regional stability, and even its successful bid to host the 2008 Olympic Games in Beijing are reasons enough to avoid confrontations with the United States.” Korb also states that despite much aggressive talk from Beijing regarding the use of force to unify Taiwan, at least in the short term, both the PRC and ROC would rather maintain the status quo. According to Korb, the United States is superior in both economic and military power and so it should “acknowledge Chinese interests and negotiate solutions that accommodate both U.S. and Chinese objectives rather than adopt a more assertive posture.” In this debate, Korb maintains that in the short term, “Chinese military modernization will not upset the strategic security balance of the region but the U.S. should have a game plan for the PRC’s long-term goal of becoming the dominant military power in South East Asia.”

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<sup>10</sup> Larry M Wortzel and Lawrence J. Korb. “Q: Is China’s Rapid Military Buildup Threatening U.S. Interests in East Asia? *Insight on the News* 18, no. 28 (August 2002): 40.

Robert S. Ross asks whether containment or engagement should be policies which the U.S. should adopt towards a rising China.<sup>11</sup> Ross distinguishes between the two as follows:

For those advocating containment, they foresee the rise of a belligerent power...that will inevitably destabilize Asia and challenge vital U.S. interest. They argue that China's intent is on achieving ...territorial and political ambitions and insist that the United States must strengthen alliances on the Chinese periphery. For those advocating engagement, they argue that Chinese intentions remain fluid and that premature adoption of belligerent policies risk creating a self-fulfilling prophecy – treat China as an enemy and it will be one. They assert that economic relations and official dialogues on issues will help China become a responsible power that will not threat U.S. interest.

Ross contends that these two policies share a common concern. The concern is China's "ability to destabilize the regional balance of power and threaten vital American interests." Ross maintains that misconceptions about Chinese capabilities have overlooked the simple fact that China is relatively weak and that this weakness will remain for some time in the 21<sup>st</sup> Century. Ross states that "the United States needs a policy to contend with China's potential for destabilizing the region, not a policy to deal with a future hegemon."

Ross suggests that China's "conservative" foreign policy is easier to cope with today than in the past. This is evident in China's

collaborating with South Korea to encourage North Korean modernization. Even the conflict with Taiwan has become more manageable. Taiwan now has a stable government, a prosperous economy, and a vastly improved military. The mainland's ability to challenge Taiwan's security is less today than ever before. Moreover, the mainland is no longer allied with a global superpower that can shield it in a conflict with the United States over Taiwan.

China has been able to improve relations with neighboring countries, but doing so has not been easy. For example, China's relationship with Japan has been strained for some time and has become increasingly difficult, partly because of changing Japanese politics. He indicates that the development of Japan's "competitive multiparty electoral

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<sup>11</sup> Robert S. Ross, "Beijing as a Conservative Power." *Foreign Affairs*. March/April 1997; 76, 2; 33.

system has politicized its policy toward Taiwan and Sino-Japanese territorial disputes and promoted linkages between Japanese aid and China's human rights record."

Ross concludes by suggesting that engaging China is the appropriate policy and that, if implemented, it will not be easy, nor will there be a guarantee of success. It will require "acknowledging Chinese interests and negotiating solutions that accommodate both American and Chinese objectives...mutual accommodation to prevent nuclear proliferation on the Korean peninsula and multilateral collaboration with Chinese interests."

In an article entitled "Understanding China," Kishore Mahbubani looks at China in a different light.<sup>12</sup> As China continues to rise, many people debate the implications of its growth. Mahbunbani contends that after many years of slumber, China has realized its position in the world in relation to other nations and now it is time for progress.

A key point that Mahbubani alludes to is how one may view China in light of the United States. Some people think that China might be able to disrupt the stability of the United States as it rises. Mahbubani argues that "...there is almost nothing China can do...the United States can do plenty to destabilize China." Mahbubani maintains that "Washington's current China policy lacks coherence and that a conviction is growing among Chinese policy makers that the United States is bent on curtailing China's rise."

Mahbubani's assessment allows Americans to look at China from Beijing's perspective to gain understanding. From this perspective, Beijing knows that China is relatively weak and is set on both growing and becoming stronger. In step with economic growth, the military will have to be outfitted with updated technology in order to protect resources. Some observers project that China will gain the status of an economic superpower and threaten Western economies. At issue is whether the economy will sustain its current growth or start to slow. Carsten A. Holz's article "Why China's Rise Is Sustainable" contends on one hand, that the record of "transitional economies suggest that China grew rapidly because inefficiencies of prereform planning system were eliminated."<sup>13</sup> On the other hand, he maintains that "development economies provide a

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<sup>12</sup> Kishore Mahbubani, "Understanding China." *Foreign Affairs*. September/October 2005; 84, 5; 49. [On-line] available from: <http://www.proquest.umi.com.libroxy.nps.navy.mil/pqdweb?index>; internet; accessed July 15, 2006.

<sup>13</sup> Carsten A. Holz, "Why China's Rise Is Sustainable." *Far Eastern Economic Review*. April 2006; 169, 3; 41.

more promising approach to analyzing China's future economic growth prospects." Holz compares the historical case studies of Taiwan and South Korea to China's as similarities existed among these neighboring countries. Developed economies shifted from agriculture to industry and services. To better gain an understanding of how the shift from agriculture to industry affects economies, Holz explains;

...labor productivity in industry is seven times larger than in agriculture, and in the service sector three to four times larger. In other words, every time a farmer moves into industry or services, the value added of that laborer on average quintuples. At 1% of the labor force moving out of agriculture every year, this shift alone implies an approximately 4% to 5% GDP growth rate per year. Structural change, if it continues at anywhere close to the rate of the past, thus, will remain a major source of economic growth for the next two to three decades.

This comparison indicates continued success for China.

For China, a shift from agriculture must continue because it "suffers from severe excess labor." Holz contends that "the number of agricultural laborers per acre in China currently is about 100 times higher than the U.S." This means that with the current growth rate China now experiences, there is a continued shift toward industry. This in turn reveals very important information about the future of sustained growth for China. In order for China to complete its transition to industry, there are three constraints that China must face. These constraints are:

One, farmers are unable to sell their land on an open market. Second, is the two-class household registration system in which rural residents do not have the right to urban residency. Third, for farmers, agriculture is a way of life and leaving the farm means making more than just a financial decision.

The first two constraints are controlled by the central government, but the government has chosen a "process of relaxation." This alone helps ease the challenges that China faces as the transition to industry takes place, and growth continues.

Holz's assessment of sustainable growth for China is convincing. China's economy is following in the footsteps of Taiwan and South Korea and registering record numbers. Holz believes that China is in the early stages of economic growth. If this is true, China will experience sustained growth for years to come. An interesting point to

note is that the case studies China now emulates are democracies. Can this be a prelude to China's future as transition takes place?

Denny Roy maintains that "an increasingly powerful China is likely to destabilize regional security in the near future."<sup>14</sup> As early as the 1990s, the idea of China as a threat began to emerge after China posted record economic numbers. Analysts noted that high economic growth, accompanied by communist ideals, gives China the potential to become a threatening superpower. Counter-arguments from Chinese officials, apologists, and Western scholars developed soon after.

According to Roy, arguments that China is an emerging threat focus on its military buildup, CCP values, and the fact that great powers behave like great powers.

As for arguments that China is not an emerging threat, Roy lists five criteria including: constraints against assertive behavior, military spending not excessive, and security benefits outweighing dangers.

### **3. Major Questions and Argument**

China's rise has sparked major debates about the type of power that it may become. The main question of the thesis is whether China's rise as a world economic power foreshadows its rise as a global military power eventually threatening U.S. interests. Some of the secondary questions include the following.

- Does a rising China today share the characteristics of past and present great powers such as Germany, Japan, Russia, Great Britain, and the United States?
- What elements are most relevant in analyzing China's rise in strategic power?
- How significant is China's military spending?
- What are the implications for the United States and the Asian region as China modernizes its military?

#### **Argument:**

The focus of this thesis is an analysis of whether the rapid economic and military rise of China will lead to a power set on stabilizing a region of the world, or whether China's growing capabilities will threaten U.S. interest thereby becoming a U.S. adversary. The thesis attempts to decide between two conclusions: 1) China is likely to

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<sup>14</sup> Denny Roy, "The 'China Threat' Issue: Major Arguments." *Asian Survey* 36, no. 8. (August 1996): 758.



try to replace the United States as the hegemonic power both economically and militarily; or 2) China's increasing military power reflects an attempt to balance the United States, as the Asian hegemonic power, and may contribute to stabilization of the region.

#### **D. METHODOLOGY AND SOURCES**

In order to address the main and secondary questions, the thesis will incorporate case studies, comparative studies, and statistical analyses. Primary, secondary and other sources include:

- The 2000–05 Office of the Secretary of Defense reports to Congress on China's power
- Assessment of current Chinese policies
- Relevant statistical data on China's economic growth

The thesis uses case studies of countries that had significant economic growth in the past and assesses the decisions in each country's case as to whether to increase its military capacities. The countries studied include Germany, Great Britain, Japan, and the United States, which grew from rising economic powers to military powers. Other case studies will examine instances in which rising economic powers did not become military powers, as well as rising powers that may become military powers, such as India. The thesis compares China's behavior to the case study countries and draws conclusions relevant to U.S. policy. Finally, it draws conclusions and makes recommendations to U.S. policy makers.

#### **E. CHAPTER SUMMARY**

The rest of this thesis proceeds as follows. Chapter II assesses the indicators of China's economic and military rise providing statistical data that show upward economic and military growth trends. It examines China's military force modernization and its presumed goals.

Chapter III assesses which theoretical framework to apply to China. It reviews theories developed by realist theorists such as Robert Gilpin, Paul Kennedy, John

Mearsheimer, A.F.K. Organski and Jacek Kugler. Their theories include the theories of hegemonic instability, security dilemma, flawed great power, economic interdependence and democratic peace theories.

Chapter IV examines case studies and draws correlations to present-day China providing background information on each country's growing economic power as it rose. Then it navigates through each country's military modernization efforts, which built on growing economic power, and the decisions each made in doing so. Finally, it summarizes the findings and evaluates their relevance to present-day China.

Chapter V offers the thesis conclusions. It focuses on the question of whether China will become a regional stabilizer or an adversarial threat to U.S. interests, projects implications for the United States, and then offers recommendations.

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## II. INDICATORS OF ECONOMIC AND MILITARY RISE

### A. INTRODUCTION

The emergence of China as a possible world power is a result of its quickly growing economy. While the economy has roots in the communist ideals of Marx and Lenin, it is the recent market reforms that have stimulated it to record numbers. Today these numbers have given China certain characteristics. As described by Neal Conan in his article “The New China: Opportunity or Threat?”

China is already among the world’s biggest economies, and it is growing fast. It’s a leader in technology and innovation—not just manufacturing. It’s among America’s major creditors, and, some say, an emerging strategic rival. It’s one of the world’s biggest exporters and, potentially, the world’s biggest market.<sup>15</sup>

In Fareed Zakaria’s article “China: Appease...Or Contain?” Nicholas Kristof, a political scientist who specializes in East Asia, has coined a word depicting China’s economy as “Market-Leninism.”<sup>16</sup> According to Kristof, the term captures the two sides of China’s economy. Not surprisingly, China’s booming economy and its repercussions have led to a debate that has many people scratching their heads about the future of China as a world power. Fareed Zakaria who cites Kristof notes “...there are those enamored of the ‘market’ see China’s growing economy as a historic opportunity...Those transfixed by China’s ‘Leninism,’ in contrast, see a brutal dictatorship that systematically oppresses its people, bully its neighbors and blithely sells weapons around the world...For these people, China’s economy is not an opportunity but a danger.”

The economic and military rise of China has attracted the attention of the international community. As China’s rise continues, the question that matters is whether it is sustainable. If it is, the 21<sup>st</sup> century may become known as the Chinese Century. After Deng Xiaoping’s reforms in the late 1970s, China has been on a rapid economic rise. With its growing economic power, China’s military power is rising as well. In the

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<sup>15</sup> Neal Conan, “The New China: Opportunity or Threat?” *National Public Radio*. July 21, 2005. [On-line] available from: <http://www.npr.org/templates/story/story.php?storyId=4759625>; Internet; accessed May 5, 2006.

<sup>16</sup> Fareed Zakaria, “China: Appease...Or Contain?” *The New York Times*. February 18, 1996. [Online] available from: <http://www.fareedzakaria.com/ARTICLES/nyt/021896.html>; Internet; accessed May 17, 2006.

sections that follow, the thesis will assess the indicators of China's economic rise by tracing its evolution since the 1950s, include statistical data illustrating the upward trend of the economy and the military, and then examine China's force modernization and presumed goals.

## B. ECONOMIC RISE

China's economic rise began in 1950, a year which started Communist rule and the founding of the Peoples Republic of China (PRC). The economy was described as a command economy under the Communist Party. Implementation of land reforms enabled the Communist party to gain control over villages.<sup>17</sup>

Figure 1 shows an international comparison in China's growth trend in GDP and Per capita GDP from 1965 to 1999.

Country	GDP growth • 1965-1999 •	Per capita GDP growth • 1965-1999 •	Growth potential index	
			GDP	Per capita GDP
China	8.1	6.4	2.45	4.00
India	4.6	2.4	1.40	1.50
Japan	4.1	3.4	1.24	2.13
Russia	—	—	—	—
USA	3.0	2.0	0.91	1.25
World in total	3.3	1.6	1.00	1.00

Figure 1. China's Growth Trend Compared to other Countries  
(Source: From World Bank, *World Development Indicators 2001*,  
New York: Oxford University Press, 2001)

The late 1970s to 2000 were years that continued China's economic upward trend. Under the leadership of Deng Xiaoping, this period welcomed the implementation of the "Four Modernizations" program which called for changes in agriculture, industry, national defense, and science and technology. Additionally, there was a gradual move away from the principle of "self reliance" to more of an "open door" policy that reopened

<sup>17</sup>Maurice Meisner, *Mao's China and After: A History of the People's Republic*. (Free Press, New York, 1986), 155-188.

China to foreign capital investment and the promotion of international trade.<sup>18</sup> The command economy that once was under Mao Zedong was dissolved allowing for the return of the “market economy” which emphasized agriculture. In agriculture, decollectivization and the return to family farming and open markets was the means for producing high productivity growth.<sup>19</sup> Figure 2 illustrates the impact of Deng’s reforms over the period of 1979-2000 showing growth rates much higher than the pre-reform period. These statistics are important to bring to the surface because they show that the reforms were effective in stimulating China’s economic growth.

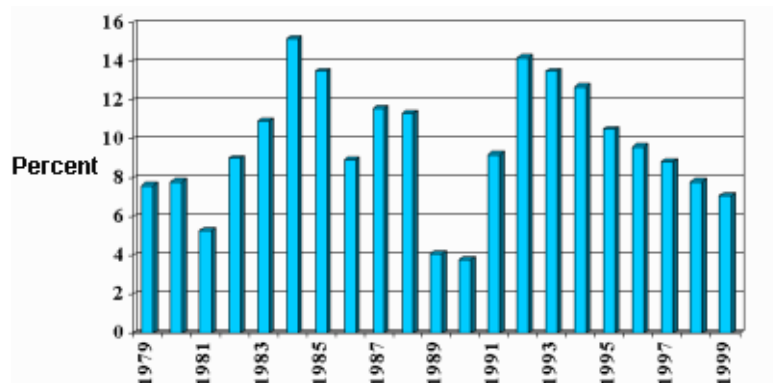


Figure 2. Annual GDP Growth Rate  
(Source: *China Statistical Yearbook, 1999* as cited in *People’s Daily*)<sup>20</sup>

## 1. Sustainability

In the National Bureau of Economic Research (NBER) working papers, according to John Whalley and Xian Xin’s article “China’s FDI and Non-FDI Economies and the Sustainability of Future High Chinese Growth,” “...sustainability of China’s export and overall economic growth may be questionable if inward FDI (Foreign Direct Investment) plateaus in the future.”<sup>21</sup> Their analysis was based on looking at China’s economy in two parts. One was Foreign Invested Enterprises (FIEs), which involved state-owned

<sup>18</sup> Meisner, 471–2.

<sup>19</sup> Kenneth Lieberthal, *Governing China*. 2<sup>nd</sup> edition. (W.W. Norton, 2004), 245–8.

<sup>20</sup> Unknown author. “China’s GDP to Top Nine Trillion Yuan This Year.” *People’s Daily*. November 27, 2001. [On-line] available from: [http://www.english.people.com.cn/200111/27/eng20011127\\_85410.shtml](http://www.english.people.com.cn/200111/27/eng20011127_85410.shtml); Internet; accessed May 1, 2006.

<sup>21</sup> John Whalley and Xian Xin. “China’s FDI and Non-FDI Economies and the Sustainability of Future High Chinese Growth.” NBER Working Paper Series. No. 12249. (Cambridge Massachusetts, 2006), 1.

enterprises and townships and village enterprises, while the other was non-FIEs (manufacturing, agriculture, and services). Research results from their analysis brought out that

...while the FIE sub-economy in China is still only 20% of the economy, it nonetheless accounts for over 40% of China's recent economic growth. This part of the Chinese economy thus has substantial implications for the sustainability of China's future economic growth, and whether rapid growth will continue into the future in turn depends on both continued growth in inward FDI and access to international export markets abroad.

Based on Whalley and Xin's findings, "sustainability of China's GDP and export growth depend on the performance of the FIE sub-economy." The following chart shows China's inward FDI flows and their annual growth rate from 1985 to 2004.

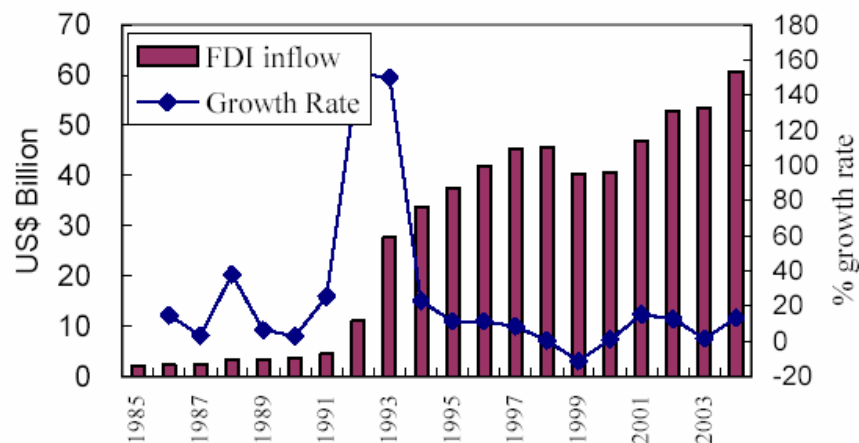


Figure 3. China's Inward FDI flows and their annual growth rates (1985-2004)  
(Sources: From the National Bureau of Economic Research,  
Cambridge: Massachusetts, 2006)<sup>22</sup>

Two other economists, Rahman and Raihan discuss the factors contributing to economic growth:

Economists point out two major factors which worked in favor of China's rapid economic growth: (a) large scale investment, and (b) productivity gain due to reallocation of resources. In 1979, domestic savings as a percentage of GDP was 32%; this had increased to 42.7% in 1998, the highest saving rate in the world. Foreign direct investment (FDI) also experienced an exponentially high growth in the post-reform period. The amount of utilized FDI in China grew from \$636 million in 1983 to \$45.6 billion in 1998. The cumulative amount of utilized FDI at the end of 1999

<sup>22</sup> Whalley and Xin, 3.

reached \$308 billion. The US was the third largest investor in China accounting for 8.0% (\$24.6 billion) of total FDI from 1979 to 1999. Productivity gain was a critically important factor contributing to the unprecedented economic growth. This was largely due to the policy of reallocating resources to more productive uses, especially in sectors which had previously been heavily controlled by the central government, including such sectors as agriculture, trade and services. According to the IMF's purchasing power parity (PPP), this rapid economic growth made China the world's third largest economy after the US and Japan.<sup>23</sup>

Information offered by Rahman and Raiban provides an understanding that large scale investment and reallocation of resources were the means behind China's rapid growth. As indicated by the upward trend since 1979, large scale investment boosted domestic savings while FDI allowed China and the US, two of the world's largest economies, to gain ties. In addition, productivity gains contributed to growth when reallocation of resources was used more productively.

Many have questioned the sustainability of China's rapidly growing economy. Based on the research provided by John Whally and Xian Xin, I have concluded that sustainability for China's economy will remain questionable in the future. It is true that uncertainty exists on how far into the future the economy will remain questionable, but one key factor that will assure continued growth is inward flow FDI, which incorporates FIEs and non-FIEs. Their research results are reassuring as they reveal credible information that pinpoints foreign investment. Foreign investment is an essential element for continued growth in China. This implies that sustained economic growth would make China a secure member in the international trading system in order to have the ability to finance the resources needed to modernize its forces. Figure 4 shows an upward trend in China's GDP from 2001–2005.

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<sup>23</sup>Mustafizur Rahman and Ananya Raihan. *China's Accession to the WTO: Consequences for Bangladesh's Export-Oriented RMG Sector*. Centre for Policy Dialogue. January 2003, 3. [On-line] available from: <http://www.cpd-bangladesh.org>; Internet; accessed April 7, 2006.



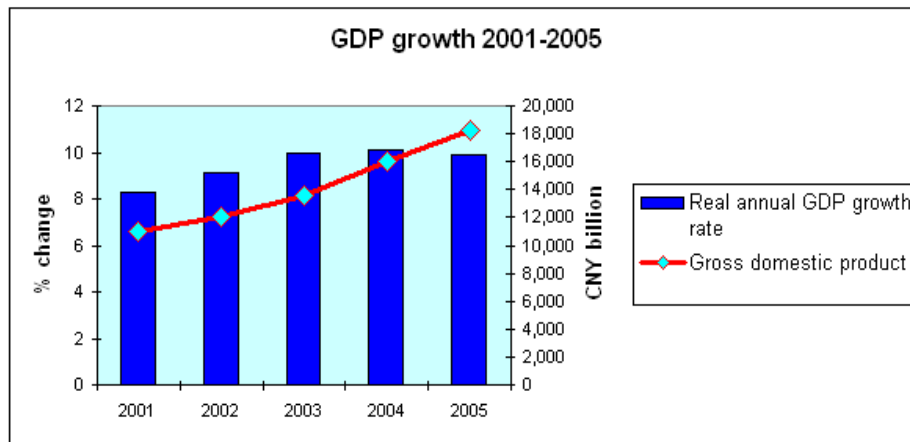


Figure 4. GDP Growth 2001-2005

(Source: From The National Bureau of Statistics as cited in <http://www.chinability.com>)<sup>24</sup>

### C. MILITARY RISE

China's unprecedented economic growth has provided the means to finance its military. Compared to the United States, there still remains a large gap that separates the two. According to the Rand Corporation's *Strategic Appraisal 1996*, "China will likely require a significantly long time (i.e., from year 2007, at least 10 to 15 years) to attain a truly modern force structure and operational capability capable of challenging the U.S. military presence in the region."<sup>25</sup>

Phillip Saunders, formerly of the Monterey Institute of International Studies, now at National Defense University, maintains that Deng Xiaoping "placed military modernization as the lowest priority...China's rapid economic growth over the last 25 years has provided the means to support military modernization efforts."<sup>26</sup> Today, China possesses nuclear weapons and has had this capability for over 40 years. According to Tom Post and John Barry in "Prying Open a Secret Army," which appeared in *Newsweek*, China is "...the only nation in the world that targets the United States with nuclear weapons."<sup>27</sup> Though there is a detargeting agreement between China and the United

<sup>24</sup> Unknown author. "GDP Growth 1952–2006." *Chinability*. May 21, 2006, 3. [On-line] available from: <http://www.chinability.com/GDP.htm>; Internet; accessed on May 1, 2006.

<sup>25</sup> Zalmay Khalilzad, ed., *Strategic Appraisal 1996* (Santa Monica, Ca.: Rand, 1996), 205–206.

<sup>26</sup> Phillip C. Saunders, "Chinese Views of its Military Modernization," in *Summary Report: U.S.-Japan Meeting on Arms Control, Disarmament, Non-Proliferations, and Verifications*, (Tokyo, Japan, October 20–21, 2001), 54–58.

<sup>27</sup> Tom Post, George Wehrfritz and John Barry, "Prying Open a Secret Army," *Newsweek*, Vol. 124, No.18, October 31, 1994, 40.

States, Charles A. Meconis states in his article “U.S.-China Confidence-Building More Important Than Detargeting,” that the agreement was “...purely symbolic...the missiles can be quickly retargeted.”<sup>28</sup> This statement indicates that it is imperative that the United States maintain awareness of China’s potential and motivation, and carefully monitor its activities.

To gain an understanding of how China’s military is modernizing, we must look at a few aspects of the People’s Liberation Army (PLA). First, the thesis examines how China’s military has been developing over recent years. Then, it will provide statistics and assess trends of resource allocations and the PRC defense budget. Finally, it will focus on force modernization and presumed goals.

### **1. Military Developments**

The Council on Foreign Relations book, *Chinese Military Power* by Harold Brown, argues that from the mid 1970s to the 1980s, the PLA force was basically unchanged.<sup>29</sup> As indicated by his book, “[T]he most notable change in force deployment was the expansion of the PLA’s short-range ballistic missile forces during the late 1990s and the deployment of almost 400 SRBMs across from Taiwan.”

According to David Shambaugh and Richard H. Yang in their book *China’s Military in Transition*, “China’s military modernization from the late 1980s to mid 1990 placed an emphasis on ‘active defense’ and limited war under technology condition.” These emphases brought about major changes which paved the way for PLA modernization. After cutting troops in all services to low numbers, improvements came in the way of professionalism and the recruitment of better educated troops. In 1988 there was a reintroduction of ranks along with new service regulations that contributed to professionalism. Changes also came in the way of limited war and low intensity conflict. According to Shambaugh and Yang, the PLA’s goal was to “adopt combined arms and joint force operations, using the U.S. concept of ‘Air-Land Battle.’”

In the last several years, significant developments have been noted in China’s military capabilities. According to Frank Moore, an IDDS Research Analyst,

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<sup>28</sup> Charles A. Meconis. “U.S.-China confidence-Building More Important Than Detargeting.” *Center for War, Peace and the News Media*. Global Beat Issue Brief No. 39. July 14, 1998. [On-line] available from: <http://www.bu.edu/globalbeat/pubs/ib39.html>; Internet; accessed on June 2, 2007.

<sup>29</sup> Harold Brown. *Chinese Military Power*. (Council on Foreign Relations, New York, 2003), 37.

In the past decade China's growing military capability has attracted a great deal of attention, but details about the current and likely near-future state of China's military power have been in short supply. While it is true that China is modernizing its forces and increasing defense spending, the prospective improvements in overall military capability need to be set against the very low-technology starting point of China's armed forces.<sup>30</sup>

The following graphs provide statistical data that shows China's military development versus the region from 1972 to 2005. Data was provided by the Institute for Defense and Disarmament Studies.

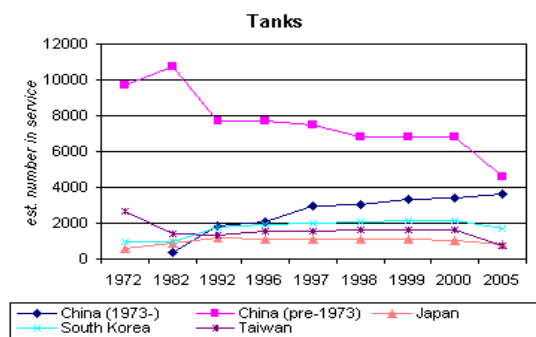


Figure 5. Tanks

(Source: From the Institute for Defense and Disarmament Studies, Cambridge: Mass., June 2000)<sup>31</sup>

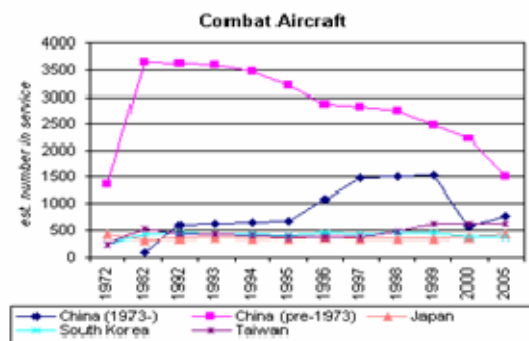


Figure 6. Combat Aircraft

(Source: From the Institute for Defense and Disarmament Studies, Cambridge: Mass., June 2000)<sup>32</sup>

<sup>30</sup> Frank W. Moore, "China's Military Capabilities." *Institute for Defense and Disarmament Studies*. (Cambridge: Massachusetts, June 2000); [Online] available from: <http://www.comw.org/cmp/fulltext/iddschrna.html>; Internet; accessed on June 14, 2006.

<sup>31</sup> Ibid, 13.

<sup>32</sup> Ibid.

Figures 5 and 6 compare China's military resource data existing pre- and post 1973. As indicated by the graphs, both tanks and combat aircraft prior to 1973 were allocated in high numbers. Both types of equipment, now outdated, still exist within China's inventory, but a gradual decrease has been seen. On the other hand, post 1973 equipment shows a gradual increase from 1982, but levels off at low numbers in 2005. This suggests that in the midst of modernization, China has rather low numbers for updated equipment as opposed to high numbers for outdated equipment.

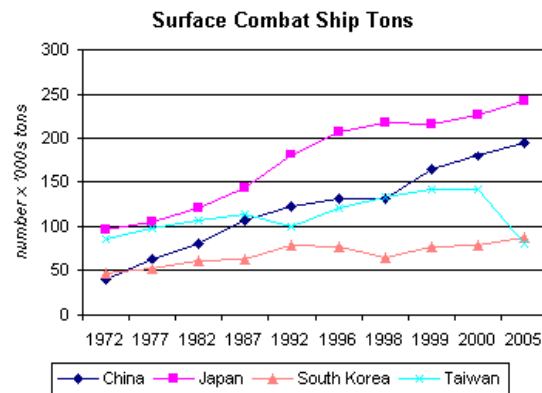


Figure 7. Surface Combat Ship Tons

(Source: From the Institute for Defense and Disarmament Studies, Cambridge: Mass., June 2000)<sup>33</sup>

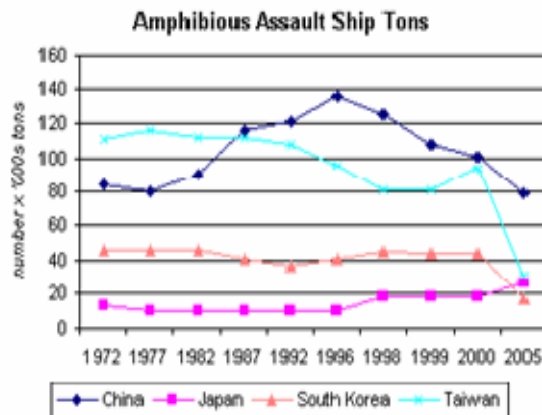


Figure 8. Amphibious Assault Ship Tons

(Source: From the Institute for Defense and Disarmament Studies, Cambridge: Mass., June 2000)<sup>34</sup>

<sup>33</sup> Moore, 13.

<sup>34</sup> Ibid.

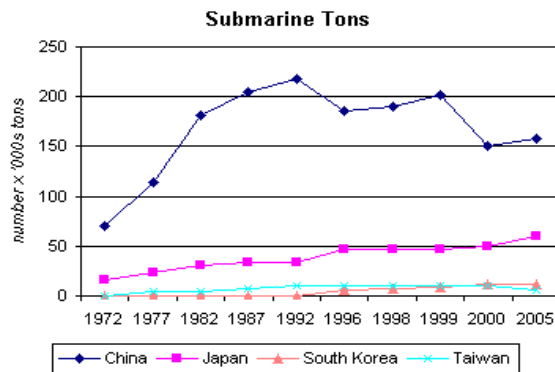


Figure 9. Submarine Tons

(Source: From the Institute for Defense and Disarmament Studies, Cambridge: Mass., June 2000)<sup>35</sup>

Figures 7, 8, and 9 compare China's tonnage in surface combat ships, amphibious assault ships, and submarines to that of the region. As seen in the graphs, China is more dynamic in numbers compared to the region where the other countries remained constant at lower numbers. Surface combat ships show a gradual increase from 1972 to 2005, second in tonnage to Japan. Amphibious assault ships show an increase in numbers but taper off in 1996 where a constant decline was indicated. Submarines have increased substantially from 1972 to 2005. As indicated by these three statistical graphs, China's modernization efforts seem to focus on the allocation of surface ships and submarines, and the means to reach beyond territorial waters.

The data assessed from these graphs categorized China's allocation for future military resources. For surface ships, these resources include acquisition of the Sovremenny Class destroyer while the submarine is of the Kilo class. Frank W. Moore, an IDDS Research Analyst reveals, "The recent additions to the Chinese Navy are two Russian-built 'Sovremenny' class destroyers...the first of which was delivered in February 2000, are the largest and most powerful surface warships ever operated by the Chinese Navy."<sup>36</sup> In a testimony to the US Senate in 1995 on "The Growth and Role of the Chinese Military," Rick Fisher highlights the most recent purchase of 4 Kilo class

<sup>35</sup> Moore, 14.

<sup>36</sup> Ibid, 8.

submarines.<sup>37</sup> He maintains that these submarines are “...capable of 45-day cruises” and are “...fully equipped with current Russian navy systems...Russian technology will help improve future submarines under development...” These two recent allocations in China’s inventory are proof that China’s military is modernizing and seeks up-to-date technology.

## **2. Defense Budget Trends**

The progress of China’s modernization program has also led to an expanding defense budget. According to Nicholas Kristoff’s article, “The Rise of China” appearing in *Foreign Affairs* in 1993, he maintains “[T]he PRC’s rapidly growing economy has allowed the economic boom to finance its military buildup.”<sup>38</sup> In terms of defense budget trends, the 2005 DoD Annual Report asserts the following:

On March 4, 2005, a spokesperson for China’s National People’s Congress announced that China would increase its publicly disclosed defense budget in 2005 by 12.6 percent, to approximately \$29.9 billion – double the figure for 2000. For the first quarter of 2005, increases continued trends that have prevailed for the past fifteen years of double-digit annual increases in China’s published figures. When adjusted for inflation, the nominal increases have produced double-digit actual increases in China’s official defense budget every year since the mid-1990s. However, the officially published figures substantially underreport actual expenditures for national defense.<sup>39</sup>

Figure 10, taken from that DoD report, shows projections in constant 2005 dollars and indicates “low, medium and high-end estimates of China’s future defense spending, up to 2025.” The annual report asserts that the upward trend, “...according to some estimates...does not include foreign weapons procurement...expenses for the paramilitary People’s Armed Police, funding to support nuclear weapon stockpiles and the Second Artillery, subsidies to defense industries, some defense-related research and development, and local, provincial, or regional contributions to the armed forces.”

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<sup>37</sup> Rick Fisher, Testimony to US Senate, The Growth and Role of the Chinese Military: Hearing before the Subcommittee on East Asian and Pacific Affairs of the Committee on Foreign Relations, 104th Cong., 1st session, 1995, 35.

<sup>38</sup> Nicholas D. Kristoff, “The Rise of China,” *Foreign Affairs*, Vol. 72, (November/December 1993), 152. [On-line] available from: <http://www.foreignaffairs.org/19931201faessay5219/nicholas-d-kristof/the-rise-of-china.htm>; Internet; accessed May 2, 2006.

<sup>39</sup> Office of the Secretary of Defense. *The Military Power of the People’s Republic of China 2005*. Annual Report to Congress. 2005, 21.

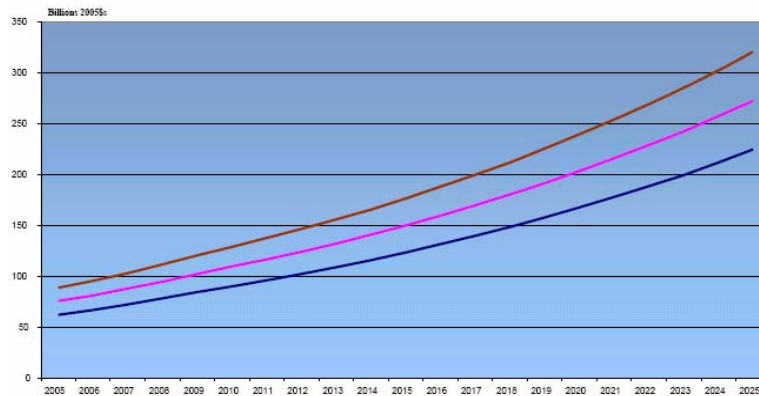


Figure 10. China's Projected Defense Expenditures to 2025  
(Source: Defense Intelligence Agency, as cited in the 2005 annual report to Congress)<sup>40</sup>

In the RAND book *Modernizing China's Military*, the authors provided a perfect analysis on the projection of Chinese Military spending through 2025. As indicated in the 2005 DOD Report to Congress, RAND's projections yielded substantial sums as well. According to RAND,

...their mid-range spending was \$185 billion with 44% consisting of personnel costs: operations and maintenance and procurement and RDT&E costs were projected at \$52 billion and \$51 billion, respectively. The projection of military spending under the maximum expenditure scenario results in considerably higher numbers: military spending rises from an estimated \$76 billion in 2003 to \$403 billion in 2025, at which time China would be spending close to a third more than the United States did in 2003. However, this projection is truly a maximum in terms of what China is likely to be able to afford. It is based on the assumption that the Chinese leadership would be willing to raise military expenditures to 5 percent of its GDP over a period when political pressures to increase spending on health, education, and pensions...<sup>41</sup>

### 3. Force Modernization Goals and Trends

The recognition of the PLA's deficiencies relative to potential adversaries has led China's leadership to focus on programs and system goals in order to close the gap in military capabilities.<sup>42</sup> This section explores advances in China's military modernization

<sup>40</sup> 2005 Annual Report to Congress, 21.

<sup>41</sup> Keith Crane...[et al.], "Modernizing China's Military: Opportunities and Constraints." *RAND Corporation*. 2005, 246–247.

<sup>42</sup> 2005 Annual Report to Congress, 26.

goals in the areas of precision strike, expeditionary operations, and air defense, the three areas highlighted by a recent DoD report.

**a. Precision Strike**

The *2005 Annual Report to Congress on the Military Power of the PRC* states that “[T]he PLA envisions the use of precision strike to hold targets such as Western Pacific airbases, ports, surface combatants, land-based C4ISR and integrated air defense systems, and command facilities.”<sup>43</sup> Precision strike weaponry includes short-range ballistic missiles (SRBMs), land-attack cruise missiles (LACMs), air-to-surface missiles (ASMs), and anti-ship cruise missiles (ASCMs). The following is a synopsis of each as indicated by figures in the *2005 Annual Report to Congress*:

According to DIA estimates, China’s SRBM force totals some 650-730 missiles, increasing at a rate of 75 to 120 missiles per year...development of LACMs will achieve greater precision for hard target strikes and increased standoff...to enhance its tactical ASMs, China is pursuing foreign and domestic acquisitions to improve airborne anti-ship capabilities...for ASCMs, there has been an increasing pace in ASCM research, development, and production. ASCM improvements include closure speed, standoff distance, and stealthier launch platforms.

**b. Expeditionary Forces**

The *2005 Annual Report to Congress* states that “The PLA is focusing modernization for these units on procuring more equipment, improving unit-level tactics, and coordination of joint operations.”<sup>44</sup> The report continues:

PLA ground forces in the Nanjing and Guangzhou Military Regions have received upgraded amphibious armor and other vehicles, such as tanks and APCs, and may add armored assault vehicles and air-cushioned troop vehicles to improve lethality and speed for seaborne assaults. Airborne forces will more than likely acquire modern transport aircraft like the Russian IL-76/CANDID and modern airmobile lightweight vehicles. There has also been an increase in amphibious ship production.

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<sup>43</sup> 2005 Annual Report to Congress, 29.

<sup>44</sup> Ibid, 30.



### *c. Air Defense*

The *2005 Annual Report to Congress* reports that “Beijing has been acquiring foreign and domestic fourth generation tactical aircraft (e.g., Su-27 and Su-30 FLANKER variants, and the PLA’s F-10) in order to enhance air defense.”<sup>45</sup> The report maintains the following:

The PLA has also acquired advanced air-to-surface missiles that will allow its air forces to attack surface targets, afloat and ashore, from greater distance and with more precision. Newer aircraft are also being equipped with advanced air-to-air missiles and electronic warfare technology. The type and number of modern SAMs in Beijing’s inventory is increasing with the acquisition of Russian-made strategic SA-10 and SA-20 systems. China is reverse engineering its own version of the SA-10, the HQ-9, which has yet to enter the inventory. China will likely acquire the extended range S-300PMU2 system in 2006. Acquisition and deployment of the S-300PMU2 would allow China’s air defenses to engage aircraft over Taiwan.

### **D. SUMMARY**

In view of its rise as an economic superpower, together with its military modernization efforts, China has undergone a remarkable change over the past 50 years. The two developments in combination are more likely to pose both opportunities and challenges for the United States. As to the question of sustainability, China’s economy will continue to grow for some time as long as inward FDI does not reach an apex or decline in the future. However, as so much of their growth has been based on foreign investment, mostly from the United States, this could prove to be problematic.

Today, the modernization of China’s naval forces has enabled it to reach beyond coastal waters and may have given it the ability to blockade Taiwan.<sup>46</sup> Therefore, one of China’s short-term objectives has been met—to influence the decisions of Taiwan’s leaders.<sup>47</sup> In addition, equipment modernization has given the PLAAF the capability to intercept aircraft over mainland China.<sup>48</sup> However, even with this naval and air

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<sup>45</sup> 2005 Annual Report to Congress, 31.

<sup>46</sup> Fisher, 30–36.

<sup>47</sup> James Nesmith, “China’s Leader to Visit U.S.,” *New York Times*, February 13, 1997.

<sup>48</sup> Kenneth W. Allen, “PLA Air Force Operation and Modernization,” *ChinaDefense.com*. 2001–2005. [On-line] available from: [http://www.china-defense.com/aviation/plaaf-ops/plaaf-ops\\_17.html](http://www.china-defense.com/aviation/plaaf-ops/plaaf-ops_17.html); Internet; accessed May 7, 2006.

modernization, the PLA still cannot effectively project sustained combat operations beyond its borders, and its forces are inadequate to defend the country against a ground attack. As China's economy continues to grow, the military will probably follow suit. There is still the question of whether a growing military will one day challenge the United States and its interests, and possibly become the hegemon of the future, at least in the next 25 to 50 years.

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### III. CHINA ASSESSED IN THEORETICAL FRAMEWORKS

#### A. INTRODUCTION

International Relations (IR) theories strive to explain, in hypothetical terms, an occurrence or phenomenon. For a rising China in today's international system, it is helpful to consider relevant theoretical perspectives. Based on the indicators in the preceeding chapter, there is no question that China is truly on the rise thus, policy makers should pay close attention to changes in attitudes in China's leadership. This enigma has led policy makers to wonder "what next?"

The "...economic and military rise of China is becoming a serious issue of consideration for the 21<sup>st</sup> century in the international community...",<sup>49</sup> this has led to continued debate and different schools of thought on the various paths that China may take in the future. According to Andrew Scobell, one theory being discussed does not only foresee but

stress China's peaceful disposition in development and consider the country a stable actor in regional security...and the other claims that ...behind the facade of Chinese pacifism lies a strong desire for the fulfillment of 'rich country and strong army'...and perceive the country as a potential challenger to the current pecking order of power.<sup>50</sup>

Based on these two schools of thought, there are two categories in which theoretical frameworks fall. One category focuses on why China's growing power may be dangerous while the other focuses on why its growing power may not be so dangerous.

This chapter will assess China through these various theoretical frameworks. It will encompass some of the works of well-known theorists and will be organized in two distinct sections. The first section will assess China in today's international system under which China's rise presents a threat. The second section will assess China's rise as it presents a non-threat.

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<sup>49</sup> Donald M. Snow, "China Rising." *Cases in International Relations: Portraits of the Future*, (Longman, New York, 2003), Ch. 1.

<sup>50</sup> Andrew Scobell, *China Use of Military Force: Beyond the Great Wall and the Long March*. (New York; Cambridge University, 2003), 316.

## B. FRAMEWORKS THAT PRESENT CHINA AS A THREAT

To emphasize China's rise as a threat, theoretical frameworks that apply are Hegemonic Stability, Security Dilemma, and the Flawed Great Power theories. To focus on the hegemonic stability theory, Duncan Snidal claims that the hypothesis behind is that "the presence of a single, strongly dominant actor in international politics leads to collectively desirable outcomes for all states in the international system."<sup>51</sup> There are basically three arguments presented by well known theorists that address the danger of China's growing power under the hegemonic stability theory. One is by Robert Gilpin who stated that "...international relations is a political system in which governance functions are performed by a leading state that draws on its wealth, power, and status to set the rules of the game."<sup>52</sup> A second argument refers to the power-transition theory. In their book, *The War Ledger*, Organski and Kugler provide that this model "...envisions a hierarchy of contending states in an international system whose distribution of benefits reflects the interests of the system's dominant (the hegemon)."<sup>53</sup> They continue by declaring that strong contending states become "...unwilling to accept a subordinate position in the international affairs when dominance would give them much greater benefits and privileges." In simplistic terms, this theory describes a system of states that conform to the interest of the most powerful state. When a state desires an elevated level in status, it will seek to alter the system to achieve advantages. For the rise of China, this theory implies that states are drawn to China to reap economic growth. This is positive for states that seek economic wealth and prosperity, but can be dangerous as well. It is possible that East Asian states that have economic ties with the United States can gradually realign toward China. Realignment can lead to states conforming to communist ideals and principles thus creating a hegemon that is China.

An alternative argument that comes to similar conclusions on the dangers posed by China's rise is relevant to the balance-of-power theory. According to Kenneth Waltz,

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<sup>51</sup> Duncan Snidal, "The Limits of Hegemonic Stability Theory." *International Organization*. Vol. 39, No. 4 (Autumn 1985), 579. [On-line] available from: [http://links.jstor.org/sici?sici=0020-8183\(198523\)39%3A4%](http://links.jstor.org/sici?sici=0020-8183(198523)39%3A4%). Internet, accessed on June 15, 2007.

<sup>52</sup> Robert Gilpin, *War and Change in World Politics*. (New York: Cambridge University Press, 1981), 10.

<sup>53</sup> A.F.K. Organski and Jacek Kugler. *The War Ledger*. (Chicago: University of Chicago Press, 1980), 19-20.

this theory suggests "...that hegemony is not viable because self-interested states will act to counter aspiring hegemons."<sup>54</sup> What Waltz conveys in simple terms, is that being the most powerful state in the system creates instability in the international system of states. Though the United States is deemed the hegemon in the international system, the system is constantly trying to maintain balance. A contending state like present day China is trying to fill the role as the balancer. This role may come in the form of economic, political, and/or military power.

The second theory presenting China as a threat is the Security Dilemma Theory. According to Xin Benjian, a faculty member at Luoyang PLA Foreign Language College,

...national states/regions are fearful of each other because of mutual misunderstandings. All countries try to gain security, obtain military superiority, and improve one's own security status by increasing military expenditure. Since an arms race is a perpetual concern, one's military superiority will quickly be surpassed by the others/ military building-up efforts; absolute security is therefore impossible.<sup>55</sup>

Avery Goldstein's article "Great Expectations: Interpreting China's Arrival" weighs worst and best case scenarios associated with the security dilemma theory. In the worst case scenario, he reveals that the theory "...generates arms races that can sometimes increase the risk of war."<sup>56</sup> In the best case, he contends that "...the intensity of the dilemma can be mitigated by beliefs about the ease of defensive efforts that reduce the incentives to match others' increasing capabilities, or by weapons technology that enables states to distinguish between increases most useful for self-defense and those that carry the possibility of offensive use." To weigh this theory in light of the arrival of China, the worst case scenario would involve an arms race, or even war with the democratic region of Taiwan. The United States might continue to sell arms to Taiwan, which may spark China, in its modernization efforts, to acquire the arms necessary to gain weaponry for offensive purposes, one which may help to unify Taiwan with the mainland. Weighing the best case scenario on the other hand, China's arms buildup for merely defensive

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<sup>54</sup> Kenneth Waltz, *Theory of International Politics and Man, State, and War: A Theoretical Analysis*. (New York, Columbia University Press, 1959), 102–128.

<sup>55</sup> Xin Benjian, *Security Dilemma, Balance of Power Vs. US Policy Towards China in the Post-Cold War Era*. (Luoyang PLA Foreign Language College, 2001), 1.

<sup>56</sup> Avery Goldstein, *Great Expectations: Interpreting China's Arrival*. Brown Center for International Politics. September 1996, 10; [On-line] available from: <http://www.ciaonet.org/wps/goa01>; Internet; accessed on May 30, 2006.

purposes can be viewed. As China's economy continues to grow, defensive weaponry would be necessary to ensure a secure country.

In the broader issues of the rise of great powers, the security dilemma theory applies a great deal. There is no doubt that great powers need to increase arms for defensive means, but when capabilities in arms are nearly equal, the danger of war exists if there is a confrontation.<sup>57</sup> Great powers weigh the benefits they seek to gain with the cost of war and usually try to avoid confrontation. There are many examples in history that can attest to this, but the best documented case was between the Soviet Union and the United States involving the Cuban missile crisis.

The Flawed Great Power Theory, according to Goldstein, characterizes a rising China as being a flawed great power. The significance of such a characterization is not based on enhanced capabilities, but life under anarchy.<sup>58</sup> Goldstein further suggests that under the flawed great power theory is the democratic peace theory, which makes China more of a danger in the world. He emphasizes that

...democracies' are not particularly pacific in their relations with non-democracies...the leaders of non-democracies may choose force to pursue their interests and the democracies are apt to justify a response in kind, either in self-defense or in order to expand the zone of peace by defeating and then converting the adversary.

Though this theory has no element of predicting conquest for democratization, the quote seems to suggest that relations between democracies and non-democracies are unstable. When pursuing interests, non-democracies will choose to use force. In retaliation, the democracy will have justified the means to defend itself, and in turn, convert the non-democracy in ways that mirror itself. As an example, this can be seen in World War II with the defeat of Japan and Germany. These countries are now democracies and are non-hostile to the United States.

The second theory, subordinate to the flawed great power theory that applies to China, is the Democratic Transition Theory. According to Edward Mansfield and Jack Snyder in "Democratization and the Danger of War," regimes going through transformation from authoritarianism to democracy pose a threat to international

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<sup>57</sup> Hedley Bull, "The Great Powers and International Order." *The Anarchical Society*. (New York; Columbia University Press, 1977), 202-204.

<sup>58</sup> Goldstein, 11.

security.<sup>59</sup> They further state that “...though transformation would be taking place, there would be some social remnants of authoritarian life involving political competition that would increase the need for aggressive foreign policies.” Therefore, this theory highlights that while China’s regime is in transition, a few citizens favoring authoritarian rule would not opt for change. A few citizens could, in turn, lead to groups that would formulate political parties opposing democracy. In time, it is possible that leaders within one of these parties could be positioned within the government and threaten democracy by formulating policies of aggression. In addition, this quote suggests that though democracy is a possible outcome for China, it will not be an easy process; it will be gradual indeed for some time. Whether China will answer the call of stabilizer or adversary, a gradual move towards democracy is a positive step for stabilization in the region.

### **C. FRAMEWORKS THAT PRESENT CHINA AS A NON-THREAT**

To place an emphasis on China’s rise as a non-threat, two frameworks that apply are the Economic Interdependence and the Democratic Peace theories (or at least one version of it). The economic interdependence theory encompasses those states within the international system that have integrated economic ties with one another. Under this theoretical concept, Goldstein reveals that the use of military force to settle disputes would be reduced.<sup>60</sup> The statistical indicators in Chapter II that Nicholas Lardy provided as examples in his book *China in the World Economy*, show how remarkably the Chinese economy is growing, and in addition, how China’s economy is interdependent within the global economy.<sup>61</sup> If one refers to the Taiwan issues and considers whether the use of military force will help in solving problems with China, the theory abates this notion. As a whole, the economic interdependence theory is conducive to international peace. Peace is possible because the international community is tightly woven economically and because state survival is dependent on the others’ imports and exports. If war is

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<sup>59</sup> Edward D. Mansfield and Jack Snyder. “Democratization and the Danger of War.” *International Security*. Vol 20, No. 1 (Summer 1995), 5–38.

<sup>60</sup> Goldstein, 12.

<sup>61</sup> Nicholas R. Lardy, *China in the World Economy*. Washington DC: Institute for International Economics. 1994, 18.



calculated in this equation, the end result is a “zero sum game.” War will be detrimental, not only to the states at war, but to each state connected economically.<sup>62</sup>

The second theory that presents China as a non-threat is one version of the Democratic Peace Theory. Under this theory, China will serve as a regional stabilizer rather than a U.S. adversary. Often combined with interdependence, this “school” envisions increased prosperity, the establishment of a market-based economy, and democracy.<sup>63</sup> Goldstein contends that “...U.S. administrations have reiterated the alleged fact that democracies do not fight one another ...constructive engagement, especially economic intercourse, serves as a force for progressive political change by an empowered citizenry or a growing middle class.” Though China is not a democracy, this theory assumes, hypothetically, that China will become one. Many factors hint at steps toward this form of government in China. The society is well informed, the economy continues to be dynamic, and there have been mass demonstrations calling for such a change. Since democracies are not apt to fight other democracies, the Democratic Peace Theory is advantageous to international peace, and in addition, draws attention to China as a regional stabilizer.

#### **D. SUMMARY**

In conclusion, the theoretical frameworks presented in this chapter provide the means to look at China’s rise in all respects. Whether the rise will be one that will be a threat to the security of the United States or whether it will serve as a non-threat and help achieve regional stability, remains to be seen. The two categories of theoretical frameworks brought out an understanding for different “schools of thought” to consider as China’s future continues to be debated.

The Hegemonic Stability, Security Dilemma, and Flawed Great Power theories are frameworks that present China as a threat and offer interesting viewpoints. The hegemonic stability theory incorporated a number of theories to argue its position. The security dilemma theory provided the means to look at China’s military modernization efforts. As noted, the dilemma arises as China increases its share of resources, but the

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<sup>62</sup> Goldstein, 13.

<sup>63</sup> Ibid.

perception from other countries is a state of unease. The flawed great power theory suggests that since China carries some characteristics of a great power, and because all of these attributes are not met together with life under anarchy, it poses a danger to the world. Two theories that were subordinate to the flawed great power theory were the democratic peace and power transition theories. These theories presented a danger because democracies and non-democracies rarely see “eye to eye” on matters of interests. While transitioning to a democracy, a few people unwilling to change from anarchy to democracy could endorse competitive ideas, which over time, could lead to aggressive policies.

The two theories that embraced the non-threat classification were economic interdependence and the second version of the democratic peace theory. Often combined, these theories brought out viewpoints worthy of attention. The economic interdependence theory highlights the fact that with increasingly integrated world economies, the likely use of force to settle disputes is lessened, which would be conducive to international peace. Version two of the democratic peace theory emphasizes that democracies do not fight other democracies and through constructive engagement, countries can find the means to settle disputes.

All of these theories have some significance in China’s rise as a global power. For this thesis’ argument, a few of them point to convincing evidence that may help to guide future ideals for China. On the issue of threat, the Security Dilemma Theory highlights the purchasing of arms. This fact, added to China’s modernization efforts, is a huge concern. As mentioned above, this matter becomes important in the fragile relationship between communist China and its democratic neighbor, Taiwan. The uncertainty that exists between these two forms of government may be a prelude to the kind of relationship that China and the United States could experience in the years to come. The Cold War that involved Russia and the United States can serve as an example of such a relationship. Conversely, the non-threat issue involving the economic interdependence theory points to significant evidence that economically tied economies will less likely use force to settle disputes. By looking at the China-U.S. relationship, and as their economies become increasingly intertwined and supportive of one another, one

can see that the probability of conflict will be reduced. In addition, interdependence would promote the possibility of cooperation between governments which in turn, would lead to peace.

The theoretical frameworks highlighted within this chapter may have created contradictory aspects on China's rise. For those on either side of the two "schools of thought," the theses creates, in theoretical terms, a window in which each side could view the other's perspective and gain an understanding. Since the future is unvisited territory, and a single outcome is unpredictable on a rising China, this thesis intent does not suggest which framework is right or wrong. Within the time frame this thesis addresses (5 to 25 years), together with the current economic relationship China and the U.S. now share, reveal that China will not be a threat to U.S. interests.

## IV. CASE STUDIES

### A. INTRODUCTION

There are those who believe that history is associated with past events and that similar events reoccurring are a mere consequence. Conversely, there are those who believe that history has a tendency to repeat itself. Whether one's belief is toward the former or latter, it is from history that one can learn and plan for the future. These remarks make it possible to apply a rising China to historical case studies. In order to understand China's possible emergence as a world power, it is helpful to research the rise of other countries in the international system, specifically Germany, Japan, Russia, Great Britain, and the United States. A comparison with other countries can help explain regularities and patterns of the past. The aforementioned countries were chosen as case studies because they have had strong militaries, enjoyed a major world presence, and share characteristics of great powers. In addition, they will help to provide a baseline against which to judge China's economic and military rise.

Over the past century, Germany, Japan, Russia, Great Britain, and the United States were or are all considered great world powers. One may contend that China recently joined this group of world leaders. It is true that in the past China has exercised its military muscle. Two examples are as follows: In 1962, the Indo-China War involving confrontations between India and China occurred over two disputed territories in which the Chinese had claims. One claim was "...in the western sector on Aksai Chin in the northeastern section of Ladakh District in Jammu and Kashmir...the other...in the eastern sector over a region included in the British-designated North-East Frontier Agency..."<sup>64</sup> China attacked India on both the eastern and western sectors defeating India. In 1979, China invaded Vietnam after "...Vietnam joined the Soviet dominated Council for Mutual Economic Cooperation and signed the Treaty of Friendship and Cooperation in 1978."<sup>65</sup> China's use of aggression, in these examples, might suggest to

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<sup>64</sup> John Pike, "Indo-China War of 1962." *globalSecurity.org*. 2005. [On-line] available from: [http://www.globalsecurity.org/military/world/war/indo-prc\\_1962.htm](http://www.globalsecurity.org/military/world/war/indo-prc_1962.htm); Internet; accessed on May 15, 2006.

<sup>65</sup> John Pike, "Chinese Invasion of Vietnam: February 1979." *globalSecurity.org*. 2005. [On-line] available from: <http://www.globalsecurity.org/military/world/war/prc-vietnam.htm>; Internet; accessed on May 15, 2006.

some that China will continue to rely on the use of force to advance its security interests in the future. Others may look upon these examples as merely past events, with the belief that force against the U.S. will not be exercised.

In this chapter, the intent is to examine the case study countries from a historical perspective and draw correlations with present day China. Though some of these case studies have had multiple time frames in history to call to attention, the thesis addresses periods in which the country was at its height in power and may have some significance for China today. In each case, it is expected that one will learn about the country's economic rise, aggressive/non-aggressive foreign policy, decisions made by leadership, and their respective outcomes. Finally, a summary correlates the findings and evaluates their relevance to an emerging China.

## B. GERMANY

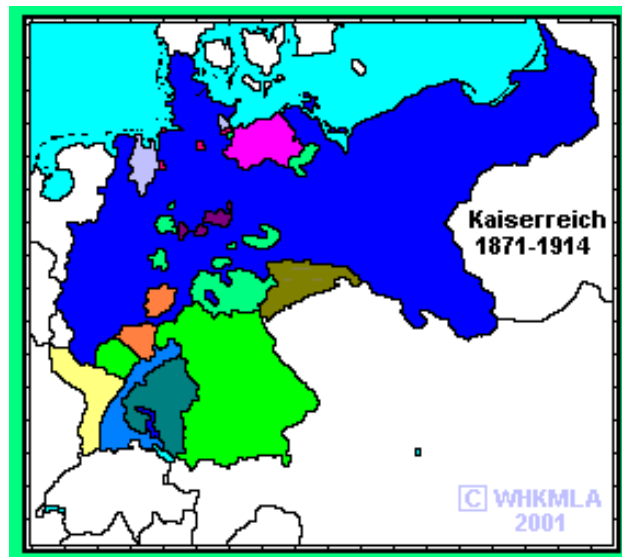


Figure 11. German Empire, 1871-1914

(Source: From <http://www.zum.de/whkmla/histatlas/germany/haxgermany.htm> accessed on July 5, 2007)

Historically, Germany's importance as a world power has fluctuated, but it has always remained a major contender within European politics. The focus of this section is on the 1867 to 1907 period of Germany's history. During this period, the German

economy was dynamic, its military strength grew, and it displayed a rising ambition to settle international grievances and play a role on the world stage that was commensurate with its new power.<sup>66</sup>

### **1. Economic Rise**

The period of 1867–1907 was a time of economic growth. Compared with the period before, these years saw fiscal stability. Debt service was only 14 percent of Austrian spending while 30–35 percent was spent in the 1850s and 1860s.<sup>67</sup> The process of economic growth and success was achieved through the concept of Prussian-Austrian dualism. This process helped to create conditions for national wealth and prosperity. Paul Kennedy’s book *The Rise and Fall of the Great Powers* brings out comparisons between various other powers and Germany.<sup>68</sup> He states that “...Germany produced almost eight times as much coal as Russia, accounted for a greater share of world manufacturing production than Britain, and had more than doubled its army budget within four years, so that its spending was 25 percent higher than that of Russia and 150 percent higher than that of France.” The paragraph that follows gives additional statistics to show Germany’s economic growth.

Statistical data applicable to development for Germany were seen in urban population, per capita levels of industrialization, iron/steel production, energy consumption and total industrial potential during this time frame. Urban population rose from 5.6 to 12.7 million up to year 1910.<sup>69</sup> Per capita levels of industrialization rose from 25 to 52 relative to Great Britain’s 100 in 1900. Iron/steel production surged from 4.1 million tons in 1890 to 13.6 up to year 1910. Energy consumption rose in 1890 from 71 million metric tons to 158 million up to year 1910. Industrial potential increased from 27.4 in 1880 to 71.2 in 1900. These figures show that during the years 1867–1907, Germany was an emerging world powerhouse on the economic front.

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<sup>66</sup> Paul Kennedy, *The Rise and Fall of the Great Powers*. Random House, New York. 1987, 271-3.

<sup>67</sup> Ibid.

<sup>68</sup> Ibid, 200.

<sup>69</sup> Ibid.

## 2. Foreign Policy

Chancellor of Germany, Theobald von Bethmann-Hollweg indicated, as cited from T.T.F.A. v. Bethmann Hollweg in *Reflections on the World War (1920)* in his memoirs, that the principal question was whether Germany's foreign policy was "offensive" or "defensive" in nature.<sup>70</sup> He charged that French, Russian, and British "chauvinists" threatened to conquer the Reich in the late nineteenth to early twentieth centuries whereas the Germans "...scarcely anticipated or aspired to anything more than the repulse of hostile ambitions by a strengthening of Germany." He then maintained that "before and after 1914, the Reich was powerful, frustrated and peaceable."

The supposition that Germany let loose out of mere lust of world power is so silly that a historian would only take it seriously in the entire absence of any other explanations at all. It is, on the other hand, a historic fact that German policy did not use many opportunities of making war with comparatively good prospects of success, but at all times sought for and supported a friendly settlement.

As stated in the preceding quote, Hollweg contends that Germany's foreign policy was peaceable, but many scholars thought otherwise and perceived Germany's policy as aggressive. According to Fritz Fischer's publication, *War of Illusion* in 1975, "...World War I was caused by misperceptions that afflicted contemporary European societies...misperception was the taproot of the war."<sup>71</sup> Mark Hewitson's article *Germany and France before the First World War: A Reassessment of Wilhelmine Foreign Policy* backs up the misperception claim by asserting that "misperception during the Wilhelmine era has created two different schools of debate...one, is believing that pessimism was justified because of the Reich's deteriorating position in the world; and the other contending that the formulation of Germany's foreign policy was informed by an imperious sense of power."<sup>72</sup>

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<sup>70</sup> T.T.F.A. v. Bethmann Hollweg, *Reflections on the World War*. London. 1920 pg. 169–70; a translation of *Betrachtungen zum Weltkrieg* (2 vols., Berlin, 1919–21); as cited in Mark Hewitson. "Germany and France before the First World War: A Reassessment of Wilhelmine Foreign Policy." *The English Historical Review*, Vol. 115, no. 4621 (June 2000), 570.

<sup>71</sup> Fritz Fischer, *War of Illusions: German Policies from 1911 to 1914*. New York: Norton, 1975, 2.

<sup>72</sup> Mark Hewitson, "Germany and France before the First World War: A Reassessment of Wilhelmine Foreign Policy." *The English Historical Review*, Vol. 115, no. 462. (June 2000), 571.

By examining Emperor Wilhemine's foreign policy in its own right, evidence points significantly to a 'defensive' rather than 'offensive' posture. In other words, "...there were considerable grounds for German self-confidence and self assertion during the 1900s and 1910s." Some significant statistics and developments show that "...Germany sought to acquire a strong navy, colonies and overseas markets merely to catch up with Britain and France, rather than to attain hegemony over them. As stated by Andreas Hillgruber, Klaus Hildebrand, and Gregor Schollgen in *Germany and the Two World Wars* and *German Foreign Policy from Bismarck to Hitler*, "...it is unreasonable for established powers to ignore the imperial needs of a new and growing state like Germany."<sup>73</sup> Evidence of a defensive posture can be seen in Germany's military. Niall Ferguson states in his book *The Pity of War* that "...militarily, the Reich's forces were weak: even in 1904, the combined peace time strength of the French and Russian armies exceeded that of their Austrian and German counterparts by 260,982; by 1914, the discrepancy was 938,000."<sup>74</sup> The overwhelming difference in numbers was enough that they may have led to the Reich's leadership to act and think defensively. An analysis of Germany's foreign policy during this time was indeed perceived by many to be of a hostile nature, but statistical data revealed that Germany was the weakest of the major powers, and for this reason, sought to catch up by building up its military assets. By focusing on the sheer numbers between the militaries, it would be a no-win situation for Germany. Therefore, this historical analysis shows that Germany's rising military, during this time, was to be used for defensive measures, but was plagued with misperceptions. As noted in the preceding chapter, this is an example of the security dilemma theory. Not only was there a state of unease, but the Reich's military growth triggered the misunderstanding of their actions.

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<sup>73</sup> A. Hillgruber, *Germany and the Two World Wars* (Cambridge, Mass. 1981), 1-21; K. Hildebrand, *German Foreign Policy from Bismarck to Hitler* (London, 1989), 64-84; as cited in Mark Hewitson, "Germany and France before the First World War: A Reassessment of Wilhelmine Foreign Policy." *The English Historical Review*, Vol. 115, no. 462. (June 2000), 572-3.

<sup>74</sup> Niall Ferguson, *The Pity of War* (London, 1998), 91.



## C. JAPAN



Figure 12. Map of Japan

(Source: From: <http://www.ease.com/~randyj/japan> accessed on May 29, 2006)

In trying to draw a correlation between an emerging China of today and a rising Japan of the past, it is important to look at the economic and military development of Japan during the period of 1868 to 1945. This will help explain why Japan became the first non-Western country to be industrialized and modernized, thereby serving as the model for China. Then the focus will turn to the modernization of the Japanese military.

### 1. Economic Rise

For many centuries, Japan was considered a backwater agrarian economy. However, between the Meiji Restoration of 1868 until the latter part of the 1930s, Japan was able to go through a period of transformation that led it from a primarily agrarian economy into a major world power.<sup>75</sup> Michael Hutchison, in his article “The Great Japanese Stagnation: Lessons for Industrial Countries,” stressed that “...during this period, Japan growth rates transformed to double digits, industrial transformation was considered remarkable, and export success were the envy of the world.”<sup>76</sup>

<sup>75</sup> Kozo Yamamura, “Bridled Capitalism and Economic Development in Japan, 1880-1980” in Ramon Myers, ed., The Wealth of Nations in the Twentieth Century: The Policies and Institutional Determinants of Economic Development. (Stanford, California: Hoover Institution Press, 1996), 57.

<sup>76</sup> Michael M. Hutchison, Takatoshi Ito, and Frank Westermann, “The Great Japanese Stagnation: Lessons for Industrial Countries”. Economic Policy Research Unit Working Paper Series. (Department of Economics, University of Copenhagen K, 2005), 2.

The Meiji Restoration was a defining period in Japanese history that started an economic phenomenon. Prior to the restoration, Japan was in need of natural resources, obstructed by mountainous terrain, and isolated from the rest of the world.<sup>77</sup> In addition, according to Paul Kennedy in *The Rise and Fall of the Great Powers*, Japan was also “...politically immature, economically backward, and militarily impotent in World Power terms.”<sup>78</sup> Realizing that in order to increase Japan’s economic capabilities as rapidly as possible, leaders had to adopt western technology and be capable of participating in the international community. Commitment toward modernization came in the way of a “new constitution, based upon the Prusso-German model...legal system was reformed...educational system was vastly expanded...and modern banking systems evolved.” As an agrarian economy, there were many improvements in farming techniques, but because of geography in the countryside, mountainous terrain presented what Kennedy states as “the British model” or “industrial revolution.” This caused Japan to remain near the bottom level of great power status. Kennedy contends that “economically, Japan performed miracles to become the only nonwestern state to go through an industrial revolution in the age of high imperialism; yet still remained compared to Britain, the United States and Germany, an industrial and financial lightweight.”

There were two other factors contributing to Japan’s rise to great power status, even surpassing Italy. Kennedy asserts that these factors were geographical isolation and moral principles. He then continues by explaining each as follows: because Japan’s location was near China, Manchuria, and Korea, Kennedy states that geography “...had placed Japan far closer to those lands than any one of the other imperialist states.” The moral factor was due to Japan’s unified culture. Kennedy describes certain characteristics by declaring that there was a

strong Japanese sense of cultural uniqueness, the traditions of emperor worship and veneration of the state, the samurai ethos of military honor and valor, the emphasis upon discipline and fortitude, produced a political culture at once fiercely patriotic and unlikely to be deterred by sacrifices and reinforced the Japanese impulses to expand into ‘Great East Asia,’ for strategical security as well as markets and raw materials.

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<sup>77</sup> Kennedy, 206.

<sup>78</sup> Ibid.

Statistical data relevant to growth rates in urban populations, per capita levels of industrialization, iron/steel production, energy consumption, and total industrial potential are worthy of attention in Japan during this time frame. The urban populations rose from 2.5 to 20.7 million. Per capita levels of industrialization yielded numbers from 9 to 51 relative to Great Britain's 100 in 1900. Though "...iron/steel production was small and Japan had to rely on imports," numbers were still on the rise, yielding .02 to 7.0 tons. Energy consumption from modern fuels increased from 4.6 to 96.5 million metric tons of coal equivalent. Total industrial potential increased from 7.6 to 88 compared to Great Britain's 100 in 1900.<sup>79</sup> Though Japan was at the bottom edge of great power status compared to the other elite, these numbers show how its economy was on a rise and were the building blocks to the Japan of today.

## **2. Foreign Policy**

In an attempt to find reasons why Japan modernized its military forces in the past, it is necessary to go back to the nineteenth century. In the 1850s, the Western powers used a superior military to press Japan for trade. Beginning in 1867, the restoration of the Meiji Emperor, combined with drastic changes in the military, helped to produce European-style armed forces. According to Kennedy, "experts were brought in from Britain's Royal Navy to advise upon the creation of an up-to-date fleet, and from the Prussian general staff to assist in the modernization of the army." He then contends that the "Japanese officers were sent to western militaries and naval academies; modern weapons were purchased from abroad, although a native armaments industry was also established." There was also encouragement to build railway networks, telegraphs, and shipping lines that would help in the development of "heavy industry, iron, steel and shipbuilding, as well as to modernize textile production." All these commitments helped to foster a capable military that went hand in hand with Japan's economic power.

After a formidable military had been established, there was complete loyalty by the armed forces that helped to strengthen the military from within. Japan began to feel the pressure of competition when Europe began its peacetime production of textiles, merchant vessels, and other goods.<sup>80</sup> Because Japan had inadequate resources, they

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<sup>79</sup> Kennedy, 200-201.

<sup>80</sup> Ibid, 300.

began a quest for “economic security.”<sup>81</sup> In the 1930s, there was more spending allocated to the armed services and spending rose from 31 percent in 1931–1932 to 47 percent in 1936–1937.” According to Kennedy, in 1938 the “Japanese armed services were taking 70 percent of government expenditure and Japan was thus spending, in absolute terms, more than any of the far wealthier democracies.” The forces then enacted a series of forceful and successful ventures against Korea, China, and Russia in order to obtain raw material and land they felt was necessary for expanding the homeland’s economy. Therefore, the aggressive nature that Japan displayed, after its economy was able to build an effective military, was an attempt to implement a comprehensive industrial policy that would guide the economy to achieve the greatest amount of resources and raw materials necessary to maintain the competitive edge of export industry.<sup>82</sup>

#### D. RUSSIA



Figure 13. Map of Russia

(Source: from <http://www.mapquest.com> accessed on May 25, 2006)

<sup>81</sup> Kennedy, 300.

<sup>82</sup> Kaoru Sugihara, “Japan’s Industrial Recovery, 1931–1936”, in Ian Brown ed., *The Economies of Africa and Asia during the Interwar Depression*, Routledge, London (reprinted in Steven Tolliday ed., *The Economic Development of Modern Japan, 1868–1945: From the Meiji Restoration to the Second World War*, Vol. 1, Edward Elgar, Cheltenham, 2001).

Another important country to study is Russia. The time frame of focus for the economic development and rise of Russia, in this case study, is from the 1920s to 1960s. During this period, Russia progressed at an even faster pace than that of Germany in the early 1910s.<sup>83</sup> Though World War II brought this trend to a halt, a fast recovery and the growth of the Soviet economy after World War II in the 1950s began to take off. This started and encouraged Soviet policies that eventually led to changes, and some of the most dangerous times of the Cold War, concluding with the Cuban missile crisis of 1962.<sup>84</sup>

### **1. Economic Rise**

The economic development of Russia in the 1920s began with the gradual accession of Joseph Stalin's rise to power. While in power, Stalin carried out a program of intensive socialist construction, which he pushed as a political maneuver to eliminate rivals within the communist party.<sup>85</sup> Known for his introduction of Five-Year Plans, Stalin's first of three was implemented in 1928 to start concentrated economic growth. This plan called for rapid industrialization of the economy with particular focus on heavy industry. An economy characterized as having been centralized, it was of small-scale industry with nationalized services and trade unions that were converted into mechanisms for increasing worker productivity. Under the Second Five-Year Plan, the state focused on the manufacture of investment goods (e.g. tractors, trucks and cargo ships). The intent of the Third plan was to draw further support from the economy by increasing the production of consumer goods (e.g. toilet paper, toothpaste, soap, light bulbs, umbrellas, shoes and shoelaces, cooking pots, etc). Completion of this plan was prevented when World War II with Germany became inevitable.

The Post World War II environment from 1960–1970 saw improvements in the Soviet economy. “Soviet agricultural output increased at an annual average of three per cent.”<sup>86</sup> Industry too improved its performance. To show how the economy had grown to record proportions from 1966–70, there was a complete reversal from the year 1960.

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<sup>83</sup> Kennedy, 232.

<sup>84</sup> James Kurth, E-Notes: The Rise of China. *Foreign Policy Research Institute*. July 15, 2005. [Online] available from: <http://www.E:\E-NotesTheRiseofChina.htm>; Internet; accessed on May 23, 2006.

<sup>85</sup> Jesse D. Clarkson, *A History of Russia*. Random House, Inc., New York. 1969, 582–590.

<sup>86</sup> David Mackenzie and Michael Curran. *Russia and the USSR in the Twentieth Century*. Wadsworth Publishing Company, California. 1997, 385.

As a result of the Eight Year Plan in the period between 1966–70, “factories and mines were 138 percent greater than 1960.” By 1968, a New Economic Mechanism, which included limited permission for the creation of retail markets, had been introduced.

## **2. Foreign Policy**

During the mid 1930s and the rise of Adolf Hitler, Stalin realized the dangers of a Nazi Germany and changed Soviet foreign policy to restrain German militarism by building coalitions hostile to fascism.<sup>87</sup> From 1935 to 1939, the Soviet Union formed a defensive military alliance with France giving assistance to anti-fascists in the Spanish Civil War. The signing of the Anti-Comintern Pact in 1936, between Germany and Japan, increased the threat of fascist militarism toward the Soviet Union. The United States, France, and Britain were not willing to oppose German behavior and because of this, Stalin decided to come to terms with Germany. This showed a change in foreign policy. Giving in to Nazi Germany took the form of an aggressive military alliance.<sup>88</sup> The aggressive nature of the Soviets and Germany was shown when both countries decided to invade Poland in 1939, which of course, sparked the start of World War II. In the year that followed, the Soviet Red Army overran the Baltic states of Latvia, Estonia, and Lithuania. After demanding parts of Finland, the Soviet’s actions helped start the Finnish-Russian War, and later the Finns surrendered. Eventually, in 1940, Romania was forced to give up lands that became the Moldavian Soviet Socialist Republic.

According to David Mackenzie and Michael Curran, in their book *Russia and the USSR in the Twentieth Century*, “after 1957, Soviet foreign policy was influenced strongly by the triangular Soviet-U.S.-Chinese relationship.”<sup>89</sup> They continue by maintaining that “Krushchev was caught between his desire for détente with the West and the maintenance of Soviet leadership of the Communist Bloc against more militant China.”

The beginning of 1959 led to Fidel Castro coming to power in Cuba. Backed by communist support, he aligned himself with the Soviets. This relationship led to a

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<sup>87</sup> Clarkson, 614.

<sup>88</sup> Max Shachtman, “The Soviet Union and the World War.” *New International*, Vol. 6 No.3, April 1940, 68–72. [On-line] available from: <http://www.marxists.anu.edu.au/archive/shachtma/1940/04ussrwar.htm>; Internet; accessed May 24, 2006.

<sup>89</sup> Mackenzie and Curran, 302-304.

significant episode in history, the Cuban missile crisis. This crisis “threatened to provoke nuclear war between the USSR and the United States.” Khrushchev’s foreign policy prompting the missile crisis was a result of his vision “to conclude a German peace treaty and prevent China and West Germany from acquiring nuclear weapons.” Mackenzie and Curran assert that Khrushchev’s “...decision to install medium-range missiles in Cuba was apparently a gamble to solve mounting domestic and foreign problems with one bold stroke: Once the missiles were installed, he might bargain with the west over Berlin and nuclear-free zones.” Though a peaceful resolution from the withdrawal of the missiles improved relations between the Soviets and the U.S., the Chinese criticized Khrushchev of “adventurism” for placing the missiles within Cuba and of cowardice for removing them.” Therefore, this example shows that Russia’s foreign policy shifted from the 1920s to the 1960s. It was characterized as being of both an offensive and a defensive nature but remained one of aggression throughout.

#### **E. GREAT BRITAIN AND THE UNITED STATES**

The economic and military rise of Great Britain and the United States are significantly similar and will therefore be discussed together under this section. Great Britain has been a major world leader for many generations; however, the rise of the United States became apparent following World War II. According to Zakaria’s article,

For over 400 years, there have been periods that account for shifts in global power. The rise of the British represents the first, the United States, second while a rising China in addition to a rising India and Japan represents the third shift – a rising Asia. For Great Britain and the United States, World War II signified the exchange in global shift.<sup>90</sup>

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<sup>90</sup> Fareed Zakaria, “Does the Future Belong to China?” *Newsweek*. May 9, 2005. [On-line] available from: <http://www.fareedzakaria.com/articles/newsweek/050905.html>; Internet; accessed May 26, 2006.



## 1. Great Britain

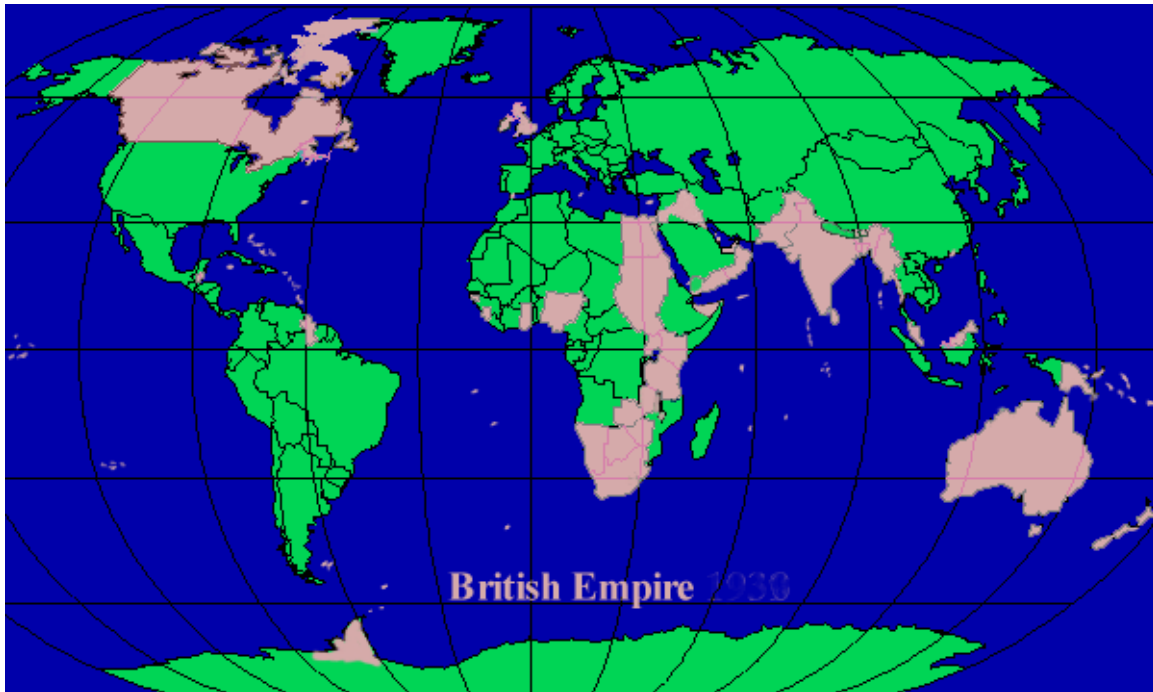


Figure 14. The British Empire at its zenith in 1919

(Source: From <http://www.freespace.virgin.net/andrew.randall1/britempire> accessed on July 5, 2007)

The rise of Great Britain as an economic and military power was deeply rooted in the British Empire of the 16<sup>th</sup> and 17<sup>th</sup> centuries. The British Empire was the global power and had the largest empire in the history of the world.<sup>91</sup> The first shift in global power brought about incredible growth, with a worldwide economy and a global network of trade with Great Britain at its center.<sup>92</sup> By 1815, economic goals combined with naval mastery, financial credit, commercial expertise, and alliance diplomacy were factors that contributed to global supremacy for the British.

### *a. Economic Rise*

The period between 1760 and 1830, for Great Britain, was one of sustainable economic growth. During this time, according to Kennedy, Great Britain was responsible for around “...two-thirds of Europe’s industrial growth output...its share of world manufacturing production leaped from 1.9 to 9.5 percent.” Industrial expansion

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<sup>91</sup> Paul M. Kennedy, *The Rise and Fall of British Naval Mastery*. London. A. Lane. 1976, 21.

<sup>92</sup> Kennedy, *The Rise and Fall of the Great Powers*, 151-157.



thirty years later increased this figure to 19.9 percent. It is estimated that in 1860, Great Britain reached its greatest potential, economically and in relative terms. In his book, *The Rise and Fall of the Great Powers*, Paul Kennedy provides the following statistics:

Great Britain was able to produce 53 percent of the world's iron and 50 percent of its coal and lignite and consumed just under half of the raw cotton output of the globe. It's energy consumption from modern sources (coal, lignite, oil) in 1860 was five times that of either the United States or Prussia/Germany, six times that of France, and 155 times that of Russia! It alone was responsible for one-fifth of the world's commerce, but for two-fifths of the trade in manufactured goods. Over one-third of the world's merchant marine flew under the British flag, and that share was steadily increasing.

**b. Foreign Policy**

While Great Britain's economy was certainly flourishing, it is important to understand its foreign policy.<sup>93</sup> Great Britain had the wealth to maintain a formidable military but opted to spend less in this area because, during this time, it was virtually unchallenged. According to Kennedy, "...equilibrium of the Great Powers which generally prevailed during the six decades after 1815..." made it unnecessary to use military force. For this reason and assuming war was meant as a last result, defense spending was held to a bare minimum. Therefore, though Great Britain had the resources to challenge and confront other countries, its military outlook and foreign policy on war suggest that during this time, it was of a non-aggressive nature with defensive means.

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<sup>93</sup> Adam Smith, *The Wealth of Nations*. Random House. New York (1937); as cited in Paul M. Kennedy, *The Rise and Fall of the Great Powers*. Random House, New York. 1987, 152.

## 2. United States

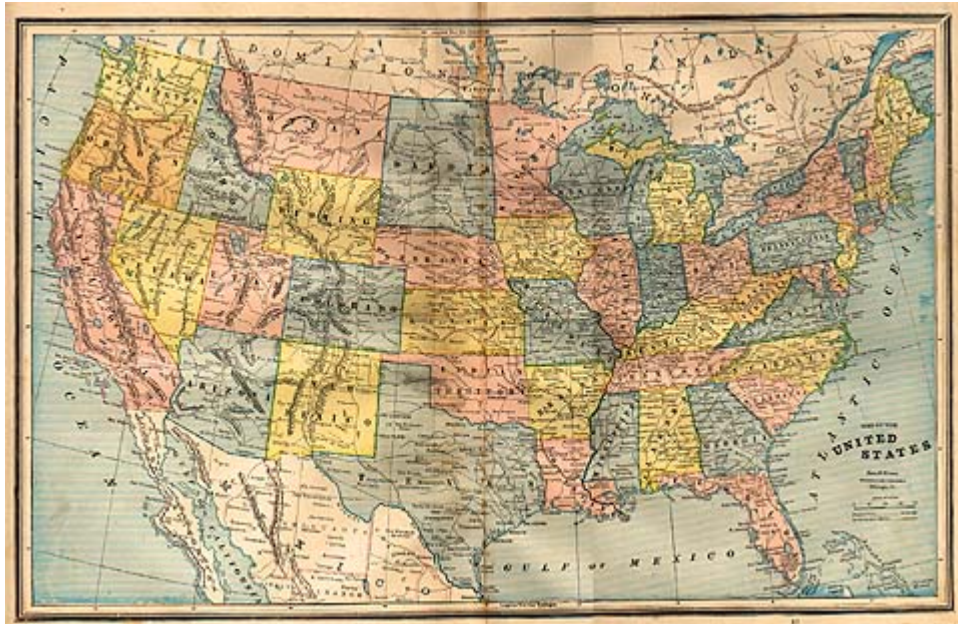


Figure 15. Map of the United States of America  
(Source: From <http://www.heritageantiquemaps.com> accessed on January 23, 2006)

In trying to find how the United States began its economic and military rise, it is necessary to focus on its historical roots in the 18<sup>th</sup> Century, after gaining independence.

### *a. Economic Rise*

Before 1776, the United States was an “underdeveloped” country in commercial terms, but after this time, growth was enormous. According to Kennedy, “the population of two million was by then doubling every thirty years, was spreading out westward, was economically prosperous, and was self-sufficient in foodstuff and other commodities.”<sup>94</sup> Over the next seven years, Kennedy says, “the British found to their cost...that the rebel states were virtually invulnerable to merely naval operations and were also too extensive to be subjected by land forces drawn from a home island 3,000 miles away.” This simply suggests that due to the United States’ substantial economic growth, together with a vast amount of water between Great Britain and the United States, Great Britain was losing sovereignty over the states in North America. The mid-eighteenth century saw a noteworthy pattern of maritime commerce and began the stages

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<sup>94</sup> Kennedy, *The Rise and Fall of the Great Powers*, 153.

of industrialization. According to Kennedy, some remarkable statistics were that the emergence of the United States as a nation “produced more pig iron and bar iron in 1776 than the whole of Great Britain...manufacturing output increased by a factor of nearly 50 so that by 1830, the country had become the 6<sup>th</sup> industrial power of the developed world.”

**b. Foreign Policy**

The United States foreign policy can be described in detail extensively after 1776. This section focuses on the roots that started U.S. foreign policy and the mindset that the founding fathers intended for the country, which now stands as the hegemon in the international system. When forming America’s foreign policy in the 18<sup>th</sup> century, the United States looked to England for ideas on the type of attitude to take.<sup>95</sup> According to Felix Gilbert, “the American Revolution was directed against an English government which had become tyrannical and against a monarch who was a despot, but it was not a revolt against English political ideas.” Gilbert follows up that quote by maintaining that “Americans believed that in taking up arms they were defending the true rights of Englishmen and they acted as legitimate heirs of the proud English tradition of freedom, handed on in an unbroken succession from the days of the Magna Carta.” These quotes give the notion that America’s foreign policy was one of a defensive posture with the need to be aggressive when the rights of its citizens were at stake.

**F. SUMMARY**

The historical perspective of the countries chosen in this study was an attempt to find a correlation to a rising China in the 21<sup>st</sup> century. Data assessed in these five case studies show emerging nations, rising economies, and increased military power. Data also provides analysis on each country’s economic rise with their respective foreign policies. In the periods of their own rise, each country revealed certain characteristics after experiencing rapid economic growth. As each study was unique in its own right, several but not all cases show a correlation to the rise of China today. The following paragraphs are findings from each study with the associated lessons learned.

The Germany study brought out the fact that weaker countries will attempt to catch up economically and militarily with those countries that pose a threat to their

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<sup>95</sup> Felix Gilbert, *To the Farewell Address: Ideas of Early American Foreign Policy*. Princeton University Press: New Jersey. 1961, 19.

security. For Germany, the enormous difference in the number of military troops to that of France and Britain was evidence that Germany was the weaker power. Leadership plans to increase the number of troops and military resources led to possible perception/misperception in France and Britain that Germany was attempting to confront them in an act of hostility. Therefore, this study points out that perception and misperception can lead to wars. Countries will opt to assert themselves to become a stronger nation both economically and militarily. The unfortunate factor is that perception and misperception, as seen by other countries, will always be present over the intent of a country's actions and may lead to conflict and confrontation. Today, China is going through the same phenomenon. China is increasing its military resources in an attempt to modernize its military thus leading to misperception of its future intent.

The Japan study brought out comparing as well as contrasting views to present-day China. Like Japan, China was once an agrarian and isolated state. It has been able to achieve economic prosperity after the Deng reforms of 1979 and has opened to the west. Though there have been a few instances whereby China exercised its military might in an aggressive nature, the present leadership has been focused on efforts to modernize. The Japan case study also teaches us that a country can be driven to war if there are inadequate resources. Economic prosperity is sought by all countries and is a driving factor that may lead to an aggressive offensive campaign. The contrasting factor separating Japan and China, in this study, is that China's economic status makes it possible to purchase needed resources rather than to seize them by force. Therefore, the Japan study does not suggest that China will one day challenge the United States in the quest for needed resources.

The Russian study revealed that after achieving economic growth and a formidable military, it developed foreign policies that shifted continuously to satisfy its interests. What made the Soviet Union's policies unclear was the inconsistency of the shifting between offensive and defensive, by forming alliances with France and Czechoslovakia against Germany, then later siding with Germany. The same occurred in the case of the Cuban missile crisis. Russia was offensively aggressive when it placed missiles in Cuba and presented a threat toward the United States, but after a peaceful resolution and good relations with the United States, its foreign policy shifted to being

non-aggressive. Therefore, this study teaches us that foreign policies can change between being aggressive and non-aggressive. This is indeed dependent on the goals and interests of the leadership at the time. For China, it is possible that a change in foreign policy could form, but as has been stated by many elites in its governmental hierarchy, the goal is to rise peacefully, interact with the international community, and solve problems non-aggressively.

Great Britain and the United States, similar in many respects, achieved economic growth. Both achieved world superpower status in their respective time frames and both foreign policies were built on non-aggressive and defensive measures. The British ideology was to keep defense spending at a minimum and refrain from military interference. Adam Smith conceded, in *The Wealth of Nations* (1776, the following:

To tolerate the upkeep of an army and a navy in order to protect British society ‘from the violence and invasion of other independent societies’; but since armed forces *per se* were “unproductive” and did not add value to the national wealth in the way that a factory or a farm did, they ought to be reduced to the lowest possible level commensurate with national safety.<sup>96</sup>

The United States applied some of Great Britain’s ideas when formulating foreign policy. From these ideas, the United States was able to get away from monarchy and create a system that was from the people, by the people. As seen in both the Great Britain and the U.S. studies, being the dominant and unrivaled powers of their time, the need to go to war in an offensive campaign was unnecessary. They settled for having non-aggressive and defensive campaigns. Future possibilities exist that these non-aggressive and defensive campaigns may change. Incidents like 9/11 that have led to war on terrorism, the bus bombings in the United Kingdom, and the spoiled plan to use liquid explosives to down airplanes are all current events that may require both the United States and Great Britain to become more aggressive and offensive in their foreign policies. Today, China is similar to other powers as it continues to modernize its military. While war may not be on its agenda, sensitive issues like a declared Taiwan independence can spark such an agenda. Therefore, Great Britain and the United States case studies are not applicable to a rising China. The reason is seen in the relative stages of development. After Britain

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<sup>96</sup> Adam Smith, *The Wealth of Nations*. Random House. New York (1937) as cited in Paul M. Kennedy. *The Rise and Fall of Great Powers*. Random House, New York. 1987, 152.

and the United States became established powers, they were peerless economically and militarily and remained the dominant power for some time, while China is presently undergoing transition. As a country transitions to achieving its national objectives, it is possible that offensive aggression may be necessary for the attainment of those objectives.

These case studies provided lessons learned on historical economies and their foreign policies. Economically, they revealed that success was accomplished, to a certain degree, through economic interdependence. Though the international community was not established in today's terms, there was a need for each state to reach out to other countries commercially, or combine economies (referred to as dualism), thereby merging support for each other and becoming a great power. China has taken center stage in this matter, is known as a powerhouse in today's international community, and seems to be well on her way to great power status. By shifting to China's continued participation in a tightly knitted international community, a roadmap leads the way to future intentions. China will continue to finance its military with updated equipment to catch up with other great powers for economic security. In doing so, perception and misperception will always be present in the eyes of the international community. Foreign policy lessons learned were that great powers can take on attributes that encompass being aggressive or non-aggressive, and have offensive or defensive campaign characteristics. Foreign policy for present day China rests with its leadership, who wants China to rise peacefully, which suggests that China is leaning towards a policy which is non-aggressive in nature. Any actions that point toward being aggressive will be detrimental to the international community as a whole.

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## **V. CONCLUSION**

### **A. PREFACE**

In the past three decades, China has made an astonishing transformation. A dynamic economy and a military of rising prominence have captured the attention of the international community. This has led to two sets of diverging expectations of what the future holds for China. These were described in Chapter III. Each idea offers convincing evidence supporting whether China will, on one hand, become a threat to U.S. interests and become an adversary or, on the other hand, whether it will not threaten American interests and serve as a regional stabilizer. The case studies provided the means to correlate a rising China today with past great powers, in their respective time frames, by looking at their economic and foreign policies as they rose to dominance. They concluded that growing economies are successful through economic interdependence or a form of joint (dualism) economy that stimulates growth in military assets. In addition, the case studies exposed that great powers will exercise an aggressive or non-aggressive foreign policy and take on a “defensive” or “offensive” posture but may shift policy based on circumstantial factors.

### **B. REFLECTION**

Statistical data presented in Chapter II revealed that China’s economy, along with its military modernization efforts, are on an expeditious rate of growth and rise. Since Deng Xiaoping’s reforms in 1979, the economy has yielded record numbers. Data also showed that there were significant military developments. Projected GDP and Defense Expenditures forecast out to the year 2025 showed a gradual increase, while force modernization goals and trends in the area of Precision Strike, Expeditionary Forces and Air Defense revealed enhanced capabilities. Theoretical frameworks incorporated in Chapter III offered an analysis for interpreting China’s rise and brought forth convincing ideals on the threat and non-threat trains of thought. Frameworks that presented China as a threat encompassed Hegemonic Instability, Security Dilemma, and the Flawed Great Power Theories. Frameworks of non-threat were Economic Interdependency and Democratic Peace Theory.



The five case studies in Chapter IV provided a few correlations that identify significantly with China today. In the case of Germany, there was indeed a strong correlation. China's PLA, like Germany's Prussian officers corps, plays a powerful political role in the international community. In addition, both economies were dynamic and reported record numbers. Comparative numbers show the dynamism these two countries possessed. For China, graphs presented in Chapter II provided an analysis with which to compare. The years from 1965–1999 revealed Gross Domestic Product (GDP) growth at 8.1%, per capita GDP growth at 6.4%, growth potential index GDP at 2.45% and growth potential index per capita (GDP) at 4%. From 2001–2005, the GDP rose to 11% while the real annual GDP growth rate topped at 10%. As indicated in Chapter IV, Germany's per capita levels of industrialization rose from 25 to 52 while industrial potential increased from 27.4% in 1880 to 71.2% in 1900. Other statistics showed Germany's urban population rising from 5.6 to 12.7 million up to 1910, iron/steel production rose from 4.1 million tons in 1890 to 13.6 up to 1910 and energy consumption rose from 71 million metric tons in 1890 to 158 million up to 1910. Furthermore, for China, there is a gradual transition in regime from the authoritarian rule from the eras of Mao Zedong and Deng Xiaoping, to one of more collective ideas under the current president, Hu Jintao. In addition, the thesis was able to draw out how perception and misperception can lead to war. The same perceptions or misperceptions plague China today. Since China's economy is rapidly growing, the view taken by many in the U.S. is that China's economic status threatens to surpass the U.S. as the next economic powerhouse. Accompanying this economic phenomenon is a large military that is modernizing. Those who view China as a threat feel that China will have the capacity to threaten U.S. interests and that war should therefore be anticipated.

The case study on Japan provided information on how agrarian societies could become successful by industrializing and adopting Western technology. It also showed that inadequate resources will drive a country to an aggressive offensive campaign. Once an agrarian society itself, China's transformation took off after the reforms provided in the Deng years. After experiencing economic wealth, China does not have to rely on aggressive behavior to obtain resources the way Japan did in the past. The Russian case study revealed that though its economy was characterized as being centralized, it took off

after World War II in an attempt to keep pace with the United States. It also uncovered that Russia's inconsistency with its foreign policy made it unclear as to its intent. In contrast, China's economy today is deeply embedded in economic interdependence, and since the Deng reforms, China's leadership has a clear vision that drives its foreign policy. This vision is simply to modernize and interact peacefully in the world. Great Britain and the United States' economic rises were similar in some respects and were noted as the first and second global shifts in power. Both, being the dominant power of their time, found it unnecessary to offensively wage war unless provoked by an adversary. A rising China, in addition to a rising India and Japan, represents the third shift in global power in Asia. While continuing its transition to becoming a superpower, China's leadership continues to stress a peaceful rise.

## **C. FUTURE OUTLOOK FOR CHINA**

### **1. Transitioning Leadership**

China's leadership has shown a pattern of transition that hints at an emerging democracy. Over the years, China's leadership has undergone constant change and moved away from the totalitarianism of the Maoist period. This transition started from the Mao Zedong era of revolutionary principles and continues to the technocratic leadership of Hu Jintao. Recognizing the large changes from the past to the present, this drastic change in leadership leaves us wondering about the future prospects of political stability and change in China in the short to medium term (5-25 years). Some observers assert that the political and social tensions of recent years may be of deep concern and that the likely outcome will be prolonged division and disorder. Additionally, they fear that China may follow in the footsteps of the USSR and disintegrate. However, China's present leadership advocates stability above all.

This new era associated with Hu Jintao carries special significance, and is much different than the prominent leaders of China's past. With Hu at the helm, this new era is characterized as having the youngest and most well-educated leadership in PRC history. It has strong civilian leadership as well, and is considered to be "post liberation, post

revolutionary.”<sup>97</sup> What set Hu Jintao apart from leaders like Mao Zedong and Deng Xiaoping is that these leaders enjoyed a historic image and prestige, while Hu is expected to play the role of the “first among equals,” with more of a collective style of leadership. Drastic changes in international relationships, the economy, and social order due to political reforms, signify that political change lies ahead. Some noteworthy policy trends that point to the future include getting away from the “people-centered” governance, “harmonious society,” and promoting “scientific development” concepts.<sup>98</sup>

This section provided an avenue in which to characterize China’s leadership today and show how a change from the communist ideals of Marx and Lenin, mentioned in Chapter II, has benefited the country as a whole. The change in the leadership’s attitude, opening to the west, and being a participant in world affairs has been a stimulus for its rapid economic growth and military rise. China seems to follow the Japan model as Chapter III addresses. If China chooses to continue to walk in the footsteps of Japan, the future is almost certain to transform a communist government to one of a democracy.

## **2. Economic Interdependence**

As highlighted in Chapter III, the theoretical framework of Interdependence points to wars as not being economically advantageous. If we focus on China’s integration in the global community with the fastest growing economy in the world, there is awareness that integration of economies means survival. To view a future outlook in the realm of economic interdependence, one can envision stability and peace among countries. Three reasons facilitate this. First, the primary goals of states are to promote economic prosperity and maintain international peace, which is achieved through economic exchange. Second, the costs of wars are too high to even give this a thought. Third, with greater interdependence of global financing, trade, and other economic relations, most states will be harmed by any major international conflict, and thus will oppose this kind of conflict.<sup>99</sup>

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<sup>97</sup> Lyman H. Miller, “China’s Leadership Transition: The First Stage.” *China Leadership Monitor*, No. 4, Fall 2002. [On-line] available from: <http://www.chinaleadershipmonitor.org>; Internet; accessed April 20, 2006.

<sup>98</sup> Ibid.; See also Minxin Pei, “Is China Democratizing?” *Foreign Affairs*. January-February 1998, 68–82.

<sup>99</sup> Dale C. Copeland, “Economic Interdependence and War,” in Michael E. Brown, Owen R. Cote, Jr., Sean M. Lynn-Jones, and Steven E. Miller, *Theories of War and Peace* (Cambridge, Massachusetts: The MIT Press, 1998), 467–468.

The empirical case studies presented in Chapter IV revealed different forms of economic interdependence. In each country's time frame as a great power, the international community was not as established economically as today's, yet some countries, like Germany, were able to use a process called dualism and achieve growth. Japan on the other hand, found economic success by adopting western ideals and becoming a leading trading partner with the United States. In Russia's case, the study uncovered that Russia had chosen to remain isolated and although it achieved economic wealth, the duration of economic prosperity was short. Great Britain and the United States case studies revealed that these countries traded with others and were the nucleus of economic interdependence in the international community. Economic interdependence is vital if a country is to survive. China of the present era understands this and since the indicators presented in Chapter II suggested that China will continue sustained growth, the possibility also exists that a shift in the nucleus of economic interdependence could be foreseen.

#### **D. RECOMMENDATIONS FOR U.S. POLICY MAKERS**

Based on the data assessed, it is possible that China will transition to a democracy and become a regional stabilizer. The following recommendations are measures I believe should help relations between China and the United States as China goes through its period of transition. Though there is no need to think in adversarial terms, policy makers must be prepared to take necessary measures if there is a shift in attitude in Chinese leadership. The thesis offers two recommendations. They include constructive engagement and a policy of liberalism.

##### **1. Constructive Engagement**

A recommendation to U.S. policy makers in dealing with China's rise is to engage constructively in the economic and political spheres. This is a quiet form of diplomacy in which, through the development of close ties, the respective countries will have the tendency to foster friendly relations and make it possible to see the other's point of view. Since China is presently undergoing a period of transition away from communist ideals, constructive engagement may lend a hand in accelerating a process towards democracy, which is certainly preferable to the United States.

China's means to modernize its military paints a negative view in the eyes of the U.S. public. In China's shoes, however, consider being a country rising out of the Third World and referred to as being technologically "backwards" by the major powers in the international community. The economy suddenly takes off and provides the necessary funds to enhance its military. The focus now is on catching up with those powers. It does not necessarily mean that the military will be used in "offensive" tactics, but can definitely serve as a "defensive" tool. A booming economy, such as China's, needs to have a military able to defend those economic resources. Despite this analogy, negative views of China will still remain.

History has noted that public opinion can drive policy makers to implement policies that benefit the country as a whole. This is important to note because when policy has the population's approval, a majority of war campaigns are won. By looking to history, public opinion polls reveal that the majority preferred a policy of constructive engagement with Beijing. As public opinion has the tendency to shape foreign policy in directing wars, it should also help policy makers in this same fashion toward constructive engagement. As indicated in March 1997, the Frederick Schneiders poll results recorded that 61% supported constructive engagement while 32% opposed.<sup>100</sup> According to the *Time/CNN* poll in May of 1999, 58% said they think "...it's better for the United States...to engage China economically...rather than to...be more confrontational with China."<sup>101</sup> Numbers were similar when asked about diplomatic talks with China, as results reflected a 70% approval rate.

## **2. Policy of Liberalism**

The liberalism approach will lead to better relations between China and the United States in the long term. The volatile issues that are present in the international system seem to center around countries not only having different ideologies and government institutions, but whether they are trustworthy among themselves. Multilateral frameworks, a characteristic of the liberal way, have the notion of smoothing relations, and as a collective, are able to solve problems. In addition, the international

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<sup>100</sup> The Program on International Policy Attitudes (PIPA). "U.S. Relations with China." Center on Policy Attitudes and Center for International and Security Studies. Maryland. [On-line] available from: [http://www.americans-world.org/digest/regional\\_issues/china/china3](http://www.americans-world.org/digest/regional_issues/china/china3); Internet; accessed Jun 8, 2006.

<sup>101</sup> Ibid.

system is going through a transformation period that has communist governments experimenting with democracy. For example, China's leadership through the years has been gradually moving away from anarchy to more of a collective form of power. This is characteristic of a democracy. Liberalism maintains that peace can best be secured through the spread of democratic institutions on a worldwide basis. An international system composed of democratic states would lead to a condition of peace where the ability to solve problems would be welcomed and the cloud of war would disappear.

These recommendations are sure to be positive measures for both China and the United States, and over time, will foster better relations. With China as a regional stabilizer, the United States, which is currently over-extended in military assets, could draw back or, with minimum forces, work hand in hand to ensure security is afforded for all in each other's sphere. The international community would be stable in solving world issues among the great powers, and without being a threat in arms.

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